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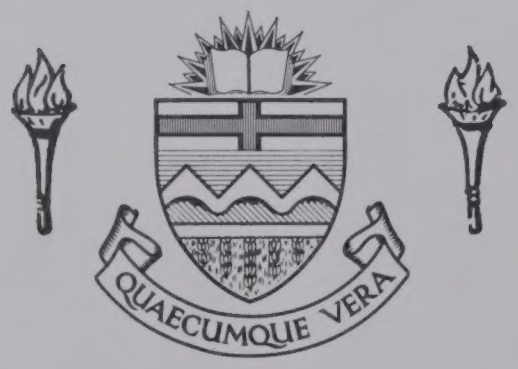

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THE PORT VERMILION CASE:

A STUDY OF THE DECISION-MAKING PROCESS

BY

ALFRED NEIL STEWART

A THESIS

SUBMITTED TO THE FACULTY OF GRADUATE STUDIES

IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE

DEGREE DOCTOR OF PHILOSOPHY

DEPARTMENT OF EDUCATIONAL ADMINISTRATION

EDMONTON, ALBERTA

APRIL, 1968

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The undersigned certify that they have read, and recommend to the Faculty of Graduate Studies for acceptance, a thesis entitled "The Fort Vermilion Case: A Study of the Decision-Making Process" submitted by Alfred Neil Stewart in partial fulfillment of the requirements of the degree of Doctor of Philosophy.

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Sincere appreciation is expressed to the members of the Alberta Department of Education and to past members of the Fort Vermilion School Board for their cooperation and assistance in providing data for the thesis.

ABSTRACT

The purpose of this study was to examine the events and causes leading to the decision by the Minister of Education for Alberta to appoint an Official Trustee to the Fort Vermilion School Division on November 20th, 1964, to make an analysis of these causes and events and in so doing to gain an insight into the process of decision-making that occurred within the framework of Department of Education - School Board relationships.

From an extension and development of traditional decision-making theory a research framework was proposed in which to examine the events of the case. As opposed to earlier models of decision-making, this framework proposed that decision-making was a dynamic process consisting of interrelated and interconnected decision cycles each connected to the other through a mechanism of information feedback. The framework distinguished between administrative, political administrative and judicial phases of decision-making and emphasized that the constraints of traditional cultural and social values and of a legal and judicial nature would be operative in the situation. This framework was not an attempt to provide a substitute for inductive theory but

provided a means of discrimination and analysis without placing any special demands for conclusions upon the materials under investigation.

Data for the reconstruction of the events of this case were obtained from the court transcript of a Judicial Inquiry carried out between July 19th and August 4th, 1965 to investigate and report upon the events and causes leading to the appointment of an Official Trustee to the Fort Vermilion School Division, from personal interviews conducted with people associated with these events and from correspondence contained in the files of the Department of Education in Edmonton, Alberta.

It was found that the research framework proposed for the study provided an adequate means of describing and examining the events that took place in the case and that for the purposes of analysis, the decision-making process that took place may be considered as a series of interrelated and interconnected decision cycles each bound to the other through a mechanism of feedback. The analysis of the decision cycles showed this feedback to be an important factor in the development of an awareness of dysfunction and in the reformulation and redefinition of the decisional problem.

One of the most significant aspects of the decision-making that occurred in this case was the absence of adequate and effective communication between members of the Department of Education and members of the Fort Vermilion School Board. This lack of communication was due partly to the inadequacy of the search procedures adopted by both groups, partly to antagonisms that developed between field administrative officers and the School Trustees, and partly to inadequate means of communication adopted by both parties.

The analysis also revealed that in their assessment of the effectiveness of the administration and operation of the Division the School Trustees and Departmental officials adopted different criteria of effectiveness. Where school Trustees tended to compare present performance with past Board performance, the Department officials tended to compare present performance with standards pertaining to the operation of other divisions within the Province and to accepted business and accounting procedures. This difference in criteria was partially responsible for differences in perception of dysfunction between these two groups.

The analysis showed that, in this case, there were

two separate yet interrelated streams of decision-making, viz., that of the School Trustees and that of the Officials of the Department of Education. Viewed separately, these two streams of decision-making were both logical but differed in the interpretations that each group placed upon events occurring within the case. Where the decision-making of the Departmental officials placed a heavy reliance upon search procedures, that of the Trustees showed a marked absence of such procedures and as mentioned above there were significant differences in the criteria of Board effectiveness adopted by each group. Both of these decision-making processes may be viewed as having been on a "collision" course and one of the most significant factors leading to this was the absence of effective communication between the two decision-making groups.

It was apparent from an investigation of the decision-making of the officials of the Department of Education that they were loathe to interfere with the autonomy of the School Board. In the remedial measures that they adopted in dealing with the apparent dysfunctions in the administration of the School Board, they placed an emphasis on developing in the Trustees an awareness of their own deficiencies and at all times attempted to allow the Trustees to propose and adopt

their own remedial measures. It was only when the officials came to realize that the Trustees had not appeared to adopt satisfactory remedial measures that they sought the decision of the Minister. It was his decision to appoint an Official Trustee to replace the elected Board of Trustees in order to safeguard the education of children attending school in the Division.

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CHAPTER I

THE PROBLEM AND ITS SIGNIFICANCE

I. INTRODUCTION

As Canadian society has changed, so also have school organization and administration. Two of the more important trends in educational administration have been consolidation and centralization.[1] Among the many factors which have led to the development of larger administrative units of education in Alberta and elsewhere have been the effects of economic depression, the desire to provide children with a better educational opportunity and a desire on the part of administrators, politicians and trustees to make the most effective and efficient use of the money available for education. This growth towards the use of larger administrative units has tended to alter the composition and function of school boards in Alberta.

The old "four by four" school district with its comparative simplicity of operation and expectations, offered close contact among trustees, and among trustees

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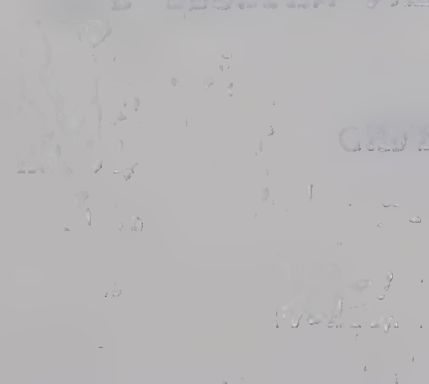
[1]John E. Cheal, Harold C. Melsness and Arthur W. Reeves, Educational Administration: The Role of the Teacher. (Toronto: The MacMillan Company of Canada Limited, 1962), p. 9.

CHAPTER I



and their electorate. With the increased size of districts, the development of counties, and other measures of consolidation, the probability of such close contact has been lessened.

Initially, the tasks of the "four by four" school district board were relatively simple. Because of the small size of such districts and due to the fact that usually only one school was to be operated, such legislative, judicial and executive functions as were delegated to school boards by the Province, were carried out directly by members of the board. With the enlargement of school units, however, the tasks facing the school board have grown in number, size and complexity. From finance that involved merely a teacher's salary, simple supplies and some maintenance, the school boards must now deal with enlarged transport systems, specialized services, rapidly increasing teacher forces and a host of interrelated tasks that would have been beyond the comprehension of the old school board member.

The modern school board now directs the policies of an organization which, in many cases, involves multi-million dollar expenditures. Phimister, in discussing the functions of the school board, emphasizes this view:

> As the unit of administration is becoming larger so the power and duties are being extended into fields not heretofore regarded as necessary, e.g. kindergartens, retarded children, adult education, are some fields now concerning boards of education which did not at one time fall in the sphere of interest of trustees.[2]

In view of a new set of trustee relationships and expectations and of the growing complexity of tasks facing school boards, there has been a change in the character and abilities required of a board member. Kratzmann highlights this need when speaking of the trustee:

> There is a crucial need for trustees to learn how to govern well, how to make sound decisions, how to relate adequately to resource personnel, and to their supporting and senior departments.[3]

A higher educational level for trustees which allows for intelligent reading, interpretation, discussion and decision upon comparatively complex issues is now required if board policies are to be commensurate with the modern

---

[2] Z. S. Phimister, "The Function of the School Board," The School Board. Unpublished Report of the Third Banff Regional Conference of School Administrators. Edmonton: The Department of Educational Administration, University of Alberta, 1961, p. 5.

[3] A. Kratzmann, "Board-Superintendent Relationships," Organizing for Effective Administration. Unpublished Report of the 1965 Banff Regional Conference of School Administrators, Edmonton: The Department of Educational Administration, University of Alberta, 1965, p. 44.

aspirations of the electorate it serves. Board members with such qualifications, however, are not always available. Reeves, because of this, stresses the need for the in-service improvement of school board members. Of the quality of members he states:

> Board members' thoughts about education before assuming office have been like those of the usual citizen, limited largely to matters arising from contacts they have had with some particular school and perhaps to what they have learned from the few school administrators and teachers they know ... most of them know little of business practices of the school system before taking office ... and they think of the curriculum as the kinds of experiences provided by the schools for learning 30 - 40 years ago.[4]

Reeves emphasizes that the tasks facing school board members are complex in nature and, because of this, he strongly advocates orientation procedures for new members.

The tasks facing today's trustees are greater in number and complexity than those facing the trustees of the early small school districts. In contrast to the trustees of the small district who usually attempted to carry out all executive, judicial and legislative functions for the district, today's school board generally delegates the executive function to the superintendent and his staff, and in the

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[4]C. E. Reeves, School Boards, (New York: Prentice-Hall Inc., 1954), p. 107.

formulation of policy and legislation their decision is strengthened by his professional advice and opinion. Trustees now seek leadership from their superintendent, and while, if he is provincially appointed, he still exercises the regulatory function for the provincial department of education, this tends to be minimized. The effective school district exhibits a close superintendent-trustee partnership and if this partnership is to succeed in achieving educational progress, then the trustee needs to be a person who is knowledgeable in matters of education, who is capable of decision upon both simple and complex issues, and who serves the district not for selfish or partisan reasons but for a sense of civic duty.

In describing the functions of a school board, Reeves states that:

> It is impossible to list or classify precisely all of the functions, powers and responsibilities of school boards.... Legally, some activities are mandatory; some are permissive at the discretion of the board; and some are implied in the general provision for the maintenance of public schools.[5]

In Canadian provinces, the school board can be viewed as having a dual role. On the one hand it is the extension of the provincial legislature exercising an executive and a

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[5]Reeves, op. cit., p. 138.

legislative function in guaranteeing minimum standards, and on the other, it provides leadership in local government and provides a service required by its constituents wherein it is charged with maintaining the level of educational service desired by the community.

The board owes its existence to the provincial legislature and in its operation has only those powers which have been given to it by provincial legislation. As an agent of the provincial legislature, the school board will have mandatory duties to perform. These comprise those specified as necessary by the School Act, such as the provision of teachers and the maintenance of adequate buildings. The School Act also contains sections wherein it specifies tasks that may be carried out at the discretion of the board. The amount of discretionary authority exercised by a school board is one indication of its commitment to local government.

School law places certain responsibilities in the hands of school boards which give rise to judicial functions. Section 350 of the Alberta School Act, for instance, outlines conditions under which a board may suspend a teacher from his duties. Other judicial functions arise in association with appraisal of effectiveness of administrative, supervisory and instructional tasks and in the settlement of disputes between

staff, or public, and the superintendent.

In all but the very smallest of boards the executive function is usually delegated to the secretary-treasurer and/or the superintendent. Delegation does not negate responsibility and it is the board's duty to make certain that the schools are properly administered and that business and administrative duties are carried out in an efficient and capable manner. This does not imply board interference in the duties of the superintendent or secretary-treasurer but rather a close co-operation so that no antagonism develops between the legislative and executive functions. Care must be exercised that standing committees, if used, do not encroach upon the executive functions of the superintendent.

While the school board and the provincial government may be considered as partners in the provision of education, this does not negate the fact that in the final analysis it is the provincial government that has the paramount authority. While the school board is granted great freedom in its formulation of policy and operation it is still a creature of the provincial government and as such it is the responsibility of the provincial government, through its government department of education, to supervise and ensure, on behalf of the people of the province, the efficient

operation of all school boards.

II. THE FORT VERMILION CASE

On November 20th, 1964, acting upon information supplied to him by a number of individuals including officers of the Department of Education and taking into account all relevant factors, the Minister of Education for Alberta made the decision to appoint an Official Trustee to the Fort Vermilion School Division #52 to replace the School Division's elected board of trustees. In appointing an Official Trustee to the Fort Vermilion School Division he was exercising a regulatory function over the education in this Division.

III. STATEMENT OF THE PROBLEM

It was the purpose of this study to examine the events and causes leading to the decision by the Minister of Education for Alberta to appoint an Official Trustee to the Fort Vermilion School Division, to make an analysis of these causes and events and in so doing to gain an insight into the process of decision-making that occurred within the framework of Department of Education - school board relationships.

IV. STATEMENT OF SUB-PROBLEMS

The following sub-problems were investigated in connection with this study:

(1) What steps were taken by the Alberta Department of Education to remedy what it considered to be dysfunctional operation by the Fort Vermilion School Board between August 1963 and November 1964?

(2) What was the sequential nature of decisions made by the Alberta Department of Education with respect to the dysfunctions that it perceived in the operation of the Fort Vermilion School Board between August 1963 and November 1964?

(3) What dysfunctions in the operation of the school board led to the decision of the Minister of Education to appoint an Official Trustee to the Fort Vermilion School Division?

V. THE SIGNIFICANCE OF THE PROBLEM

When speaking of the powers and duties of a school board, Enns states that:

> the delegated authority is not acquired by the choice of the local community; it is obligatory rather than permissive, and when the province deems it expedient, that authority may be rescinded.[6]

Byrne reinforces this view, pointing out that while tradition and custom combine to protect the integrity of local school government, its existence is dependent upon, and its authority stems from the legislative branch of the provincial government.[7]

Byrne considers that local boards are "administrative agents for effecting provincial control of education,"[8] and Bargen emphasizes that the "ultimate decisions in regard to school control ... lie within the prerogatives of the provincial legislatures."[9] Thus the provincial legislature has the power and the right to determine the particular structure of school boards, to increase or decrease their size, or, if necessary, to take over their functions by eliminating

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[6]F. Enns. The Legal Status of the Canadian School Board (Toronto: The MacMillan Company of Canada Ltd., 1963), p. 10.

[7]T C. Byrne, "Design and Structure in Canadian Education," Alberta Journal of Educational Research. Volume III, No. 1, March, 1957.

[8]Ibid.

[9]Peter F. Bargen, The Legal Status of the Canadian Public School Pupil. (Toronto: The MacMillan Company of Canada Ltd., 1961), p. 8.

them.

The school board is a unique institution and it occupies a place of considerable importance in the structure of Canadian education. It is essential, then, that boards should carry out the tasks allotted to them in a competent and efficient manner. Speaking of the necessity for efficient school board operation the Twenty-Fourth Yearbook of the American Association of School Administrators states:

> Upon its members falls responsibility for making many decisions and the formulation of major plans. A board that lacks vision and courage endangers a community with the harmful effects of indecision, indifference and inconsistency. A board ignorant of its proper functions precipitates countless impediments and dissentions.[10]

An understanding of those factors which lead to efficient board operation and a clear knowledge and understanding of the process of decision-making that occurs between central government departments of education and school boards is of prime significance to politicians, educators, citizens and board members alike. Dill, in discussing the need for research into decision-making in education states:

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[10]American Association of School Administrators, School Boards in Action (Washington: Department of National Education Association of the United States, 1946), p. 5.

> To understand how decisions are actually made we need knowledge about the environment in which decision-makers work, about the individuals and groups as decision-makers, and about the complexities of interpersonal and intergroup relations in decision-making.[11]

Unfortunately the amount of research in this area is very limited. Dill emphasizes this:

> ... the paucity of basic work in decision-making in educational organizations, is less obvious but perhaps more serious. Despite Litchfield's arguments that much of the science of administration will be applicable to all kinds of organizations, laboratory groups, business firms, and government administrative agencies differ in important respects from schools, colleges and universities. Most of what we know about decision-making we have learned by looking at problems and processes in the former settings.[12]

There is a need for research into the problems and processes of decision-making in education, and an analysis of the process of decision-making that occurred in the events leading to the decision of the Minister of Education to replace the Fort Vermilion School Board by an Official Trustee may help in fulfilling this need.

---

[11] William R. Dill, "Decision-Making," in Behavioral Science and Educational Administration. The Sixty-Third Yearbook of the National Society for the Study of Education, Pt. II, D. Griffiths, ed. (Chicago: The University of Chicago Press, 1964), p. 205.

[12] Ibid.

CHAPTER II

THE RESEARCH FRAMEWORK

I. INTRODUCTION

Many writers in the field of administration agree that decision-making is basic to the administrative process. Drucker considers that "management is always a decision-making process,"[1] and Simon claims that the task of deciding pervades the entire administrative organization.[2] He states that:

> A general theory of administration must include principles of organization that will insure correct decision making just as it must include principles that will insure effective action.[3]

Gregg suggests that "decision-making is at the very heart of the administrative process,"[4] and his opinion is supported

---

[1] P. F. Drucker, The Practice of Management (New York: Harper, 1954), p. 35.

[2] H. A. Simon, "Administrative Behavior," A Study of the Decision Making Process (New York: MacMillan and Company, 1957), p. 275.

[3] Ibid.

[4] R. F. Campbell and R. T. Gregg, Administrative Behavior in Education (New York: Harper and Row, 1959), p. 275.

by Griffiths who states that

> it is central in that all other functions of administration can best be interpreted in terms of the decision-making process. Decision making is becoming generally recognized as the heart of organization and the process of administration.[5]

Generally speaking, the making of a decision requires the selection of a course of action. Simon states that it is a "process of choosing rationally from a multitude of alternatives of action,"[6] and Feldman and Kanter describe the decision problem as "that of selecting a path which will move the system ... from some initial state to some terminal state."[7] To Barnard the decisional process is a "logical process which characterizes organization action ... it is the deliberate adoption of means ends which is the essence of formal organizations."[8] The decision-maker in attempting to alter the state of a system may be confronted with a range of alternative paths that may involve a selection

---

[5]Daniel E. Griffiths, Administrative Theory (New York: Appleton-Century-Crofts, Inc., 1959), p. 1.

[6]Simon, op. cit., p. 4.

[7]Julian Feldman and H. E. Kanter, "Organizational Decision Making," in James G. March, Ed., Handbook of Organizations (Chicago: Rand McNally and Company, 1965), p. 614.

[8]Chester I. Barnard, Functions of the Executive (Harvard: University Press, 1956), p. 186.

between an almost infinite range of possibilities. In making his selection, his choice will be guided by a desire to gain maximum satisfaction in the attainment of a defined goal. In the classic theory of economic man the decision-maker may know all of the alternative courses of action that are open to him. In such case he will be completely informed, infinitely sensitive and completely rational. Such a situation will rarely, if ever, confront administrative man who will, in all probability, be confronted with the situation where decision must be made under considerable risk. Hence the decision-maker, despite strenuous efforts to be completely objective and rational will never attain this position. Nor will he be completely informed or completely sensitive to the consequences of his decision. As long as two hundred years ago, Bernoulli suggested that in making a decision, the decision-maker will choose that alternative that will maximize not expected value but expected utility.[9] That is to say, in the absence of a complete knowledge of the consequences of alternatives he will choose that path which, in his estimation, will give him the greatest satisfaction

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[9]Donald W. Taylor, "Decision Making and Problem Solving," in James G. March, Handbook of Organizations, op. cit., p. 50.

of objectives.

Rationality in Decision-Making

In the classical definition, organizational decision-making is rational because the individual responsible for making the decision will choose that alternative, which when taken to its logical conclusion, will have certain anticipated consequences which must be taken into consideration. An individual in selecting a course of action will be faced with the evaluation of anticipated consequences against expected gains. Rational decision-making, then, may be seen as a compromise which, while never permitting a perfect achievement of objectives, allows the best possible solution under the circumstances.[10]

Speaking of rationality in decision-making, Simon states that "if there were no limits to rationality, administrative theory would be barren ... the need for administrative theory resides in the fact that there are practical limits to rationality."[11] The point is further emphasized by Katz and Kahn who state that "reaching a decision on an organizational

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[10]Simon, op. cit., p. 8.

[11]Ibid., p. 240.

problem is not readily reduced to the simplest rationality of economic man."[12]

Administrative man can never be wholly rational in an economic sense. He never has complete knowledge and anticipation of the consequences of all of his actions. To be completely rational he would need to know all the available alternatives in any choice, but, in fact, only a very few of these can be known. Simon, speaking of this matter of rationality states that the

> capacity of the human mind for formulating and solving complex problems is very small compared with the size of the problems whose solution is required for objectively rational behavior in the real world.[13]

He proposes that the goal of maximization be replaced by that of "satisficing".

II. THE DECISION MAKING PROCESS

"The decision-making process includes not only the instant of the decision but the period of time used in

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[12]Daniel Katz and Robert Kahn, The Social Psychology of Organizations (New York: John Wiley and Sons, 1966), p. 282.

[13]Herbert A. Simon, Models of Man (New York: John Wiley and Sons, Inc., 1957), p. 198.

considering it and the acts necessary to make it operational."[14] Drucker has outlined five commonly agreed-upon steps for rational decision-making.[15] These are: (1) defining the problem, (2) analysing the problem, (3) determining alternative solutions, (4) selecting the best solution, and (5) making the decision effective. Similar steps have been outlined by other writers. Simon lists three phases: an intelligence phase, a design phase and a choice phase.[16] Dill lists five phases of agenda building, search, commitment, implementation and evaluation.[17] Applewaite reviews several other analyses in which the number of steps may vary from three or four to as many as eleven.[18] He sees similarities among all approaches adding that they differ only in detail. The following analysis

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[14]Griffiths et al., Organizing The Schools for Effective Education (Danville: The Interstate Printers and Publishers, Inc., 1962), p. 58.

[15]Peter F. Drucker, The Practice of Management (New York: Harper and Bros., Publishers, 1954), p. 353.

[16]Herbert A. Simon, "Simulation of Human Thinking," in Computers and the World of the Future. Martin Greenberger, Ed. (Cambridge: The M.I.T. Press, 1963), pp. 1-8.

[17]William R. Dill, "Administrative Decision-Making," in S. Mailick and E H. Van Ness, eds., Concepts and Issues in Administrative Behavior (Englewood Cliffs, N.J.: Prentice Hall, Inc., 1962), pp. 56-57.

[18]Philippe Applewaite, Organizational Behavior (Englewood Cliffs: Prentice Hall, Inc., 1965), p. 97.

will follow those steps outlined by Drucker.

Defining the Problem

Defining the problem depends upon two factors: "perception of it and determining the limits within which it can be solved."[19]

Perception of the problem. Perceptual skill and understanding of the problem are prerequisites for the administrator so that he may develop and regulate the process of decision-making effectively. The administrator must also be able to recognize and evaluate the limitations to which perceptions may be subjected. Without a thorough analysis, signs and symptoms may be mistaken for the problem itself while the critical factor, the element which must be corrected, remains hidden from his understanding. The discovery of the actual problem may involve extensive search on the part of the administrator.

Limiting the problem. Limiting the problem means determining the conditions for its solution. Decision-making is subject to the limitation of certain rules or

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[19]Daniel Griffiths, Administrative Theory (New York: Appleton-Century-Crofts, 1959), p. 97.

value systems within which decisions have to be made. These values or value systems may be moral or cultural and must include for effective administration, the goals and principles of the organization itself. The value system does not determine what the course of action should be but it decides what it should not be by eliminating the unacceptable alternatives.[20]

Analysing the Problem

Problem analysis involves classifying the problem and collecting relevant facts. Classification is necessary to determine what kinds of decisions are to be made and at what level in the organization the decision-making processes should take place. Knowledge of where the problem belongs determines what specific individual should be responsible for making the decision, who should be consulted, who should be informed and how the decision will contribute to the ultimate goals, not just the solution of intermediate or local problems at the expense of the whole. Laurier's decision not to support federal remedial legislation in connection with the Manitoba Separate School Problem in 1896,

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[20]Drucker, op. cit., p. 356.

although federal intervention was constitutionally defensible, well illustrates this point. Looking at the broader fundamental principal of provincial autonomy in educational affairs, he was willing to sacrifice the immediate claims of the minority group in one province. Folsom also outlines the remedial steps taken by the Department of Health, Education and Welfare under his direction to have the National Defence Education Act passed after Congress had defeated bills twice proposed. His department, in analysing the problem, found that it had to consider each proposal in light of the President's and the general public's fear of "federal control of education and the understandable over-enthusiasm of educators, both in and outside the government."[21]

The Selection of Alternatives

The question of alternatives is basic to decision-making. Alternatives may be considered from the point of view of a search for alternatives, or of the selection of alternatives. Confronted with the necessity to make a decision, administrative man may not have at his disposal, knowledge of all the alternative courses of possible action.

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[21]Marion B. Folsom, Executive Decision Making (New York: Harper and Bros., Publishers, 1954), pp. 90-99.

The ability to discover the possible range of available alternatives will require both specialized knowledge and skill.[22] March and Simon state that the "discovery of alternatives may involve inventing and elaborating whole performance programs where these are not already available in the problem solver's repertory."[23] The selection of alternatives implies consideration of known alternatives exclusive of the fact that the known range is exhaustive.

A careful distinction should also be made between optimal and satisfactory alternatives. An alternative is optimal: (1) if there exists a set of criteria that permits all alternatives to be compared; and (2) if the alternative in question is preferred, by these criteria, to all alternatives in question. It is satisfactory if, (1) there exists a set of criteria that describes minimally satisfactory alternatives and (2) the alternatives in question meet or exceed all these criteria.[24] March and Simon state that:

> Most human decision making whether individual or organizational is concerned

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[22]J. G. March and H. A. Simon, Organizations (New York: Wiley and Sons, 1958), p. 140.

[23]Ibid.

[24]Ibid.

> with the discovery of satisfactory alternatives; only in exceptional cases is it concerned with the discovery and selection of optimum alternatives.[25]

The range of alternatives available is subject to many constraints. Included among these are economic, political and legal factors, administrative regulation, cultural and social values, and other environmental constraints.

Sometimes the consideration of alternative solutions results in the decision to do nothing, if this seems to be the best course. Deciding to do nothing is an entirely different matter from "doing nothing". The latter is evidence of irrational behavior.

Selecting the Best Solution

The selection of the best solution from the many alternatives available may be referred to as the decision point. All that has gone before culminates in the act of deciding. Each consequence must be evaluated and a selection made of the single course of action which is considered most likely to succeed. Consequences of an action must be predicted on the basis of what is known of the probability of success of each alternative and depends upon knowledge

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[25] Ibid., pp. 140-141.

of the shifting context of the decision.

Other factors for consideration in selecting the best solution may be economy of effort and the limitations of resources. These together make up the "criterion of efficiency" which is the ratio of output to input. This criterion of efficiency dictates that choice of alternatives which produce the largest possible result, with the least necessary disturbance of the system for the minimum application of resources.[26]

Time, money, material and power resources are always scarce but the most important resource where limitations have to be considered is the quality of the people who will have to carry out the decision, since no decision can exceed the vision, competence, skill and understanding of the personnel who have the resonsibility for its implementation.[27] It would be fruitless to decide policies, to develop procedures and to set objectives without the necessary personnel to achieve them.

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[26]H. A. Simon, Administrative Behavior: A Study of the Decision Making Process. 2nd Ed. (New York: MacMillan, 1957), p. 181.

[27]W. W. Cooper, H J. Leavitt and M. W. Shelley II. New Perspectives in Organization Research (West Nyack, New York: Parker Publishing Company Inc., 1962), p. 363.

Making the Decision Effective

In order for a decision to become complete it must be acted upon. In organizational decision-making, the person who makes a decision is not necessarily the one who will carry it out. Where the person making decisions must depend upon others' perceptions, as well as his own in implementing a decision, the problem of translation becomes connected with interpersonal understanding.[28] The process of communication is an extremely important aspect of the decision process, for information must be stated in clear, precise and unambiguous language when transmitted from one person or location to another to show the change of behavior expected from the doer and what change in behavior is expected of others. Only as the doer takes the right action is the decision actually carried out.

III. CONSTRAINTS TO DECISION MAKING

Feldman and Kanter state that

> organizational decisions are constrained by the actions of the organization itself, by the physical and mental characteristics and previous experience of its members, and by the social, political and economic environment of the organi-

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[28]Drucker, op. cit., p. 363.

zation and its members.[29]

Values in Decision-Making

In discussing the place of values in decision-making Taylor states:

> ... decision always involves both questions of fact and questions of value. Questions of fact are questions of what _is_. Questions of value are questions of what _ought_ to be. The answer to a factual question may often not be known, but in principle at least it can be empirically determined. For example, one may lack knowledge of the consequences of the choice of a particular alternative and may be able only to conjecture what they will be, but the question of what they will be is a factual question. The question of whether the consequences of a particular alternative will satisfy a value important to the decision-maker is also a factual question. But the question of whether the decision-maker should hold the value is a value question, one which has no empirical answer.[30]

Issues of fact and value involve the questions of "what is" and "what ought to be". A decision-maker faced with a range of possible alternatives, the outcomes of which are of equal utility, may choose any of the alternatives available. On the other hand, some of these alternatives

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[29] J. Feldman and H. E. Kanter, "Organizational Decision Making," in March, _Handbook of Organizations_, _op. cit._, p. 619.

[30] Taylor, _op. cit._, p. 59.

may be precluded from the selection by virtue of the fact that their acceptance would violate his conception of "what ought to be", i.e. his own personal values. Again, his choice of alternatives may be constrained by the knowledge that the selection of some alternative, although possibly not unacceptable to him, will be unacceptable to other members of his group or society. These alternatives may violate what the group or society consider "what ought to be," i.e. group values or societal values. Such value constraints, however, will be operative only within certain "zones of tolerance." Should the rejection of such alternatives lead to a conflict with other values, or should their rejection lead to seriously dysfunctional consequences, then it is most probable that they will gain acceptance, although the decision-making will only select such alternatives as a last resort.

Legal-Administrative Regulation

Decisons will be made by the decision-maker within some organizational and societal context. Within both of these contexts there will be laws and regulations governing the limits within which behavior will be acceptable and not subject to the restraint of sanctions.

In an organizational situation the individual will be deprived of some of his decisional autonomy and have substituted for it an organizational decision-making process. Simon states that these decisions which the organization makes for the individual will: (1) specify his function; (2) allocate authority; and (3) set such limits to choice as are needed to coordinate the activities of individuals in the organization.[31] Thus within the organization, the individual will be constrained in his choice of alternatives. His violation of these constraints will lead to the imposition of organizational sanctions.

IV. THE NEED FOR A DYNAMIC MODEL

Most of the models of decision-making presented in the literature on this subject are essentially static. In discussing research that has been carried out on decision-making, Edwards states that:

> In the tradition which began with Daniel Bernoulli in 1738 and was firmly fixed by economic theory and Von Neumann and Morgenstern's classic book, theories of decision-making are static theories. They are concerned with the determiners of a single choice among courses of action, rather than

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[31] Simon, op. cit., p. 73.

IV. THE NEED FOR A DYNAMIC MODEL

> with a sequence of choices. Since any choice is imbedded in a sequence of other choices, any static model can be, at best, only a first approximation.[32]

According to Edwards, each sequential decision produces some pay-off and information which may or may not be relevant to the improvement of later decisions. He states that in "real life, decisions occur in sequences to be contingent on the nature and consequences of earlier ones."[33] Within any organization, thought may be looked upon as a process of decision-making at various levels. The overt action that emerges will, in most cases, be the cumulative effect of a vast amount of lower level decision.

Static models of decision-making conceive of a decision-maker who is confronted by a set of alternatives in response to a particular problem; associated with each of these alternatives is a set of consequences. The assumption is frequently made that during the process of making a decision, no change occurs in the information available to the decision-maker concerning these alternatives or consequences. The assumption is also made, or often the

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[32]W Edwards, "Behavioural Decision Theory," Annual Review of Psychology, 12:473-98, 1961.

[33]Edwards, Ibid.

whole question is ignored, that the environment is unchanging or stationary.

The five broad steps involved in decision-making have been outlined above. (supra. pp. 17-25). While each of these steps will occur within the decision-making process it should be realized that the definition and analysis of the problem may involve the use of "feedback" information from previous decisions and that the determination and selection of alternatives will be guided to some extent by the results of such previous decision-making. In "real life", decisions do not occur in isolation but in sequences in which the information gathered and the results obtained from earlier decisions provide the basis of decisions being made in the present and which will be made in the future. Edwards and Simon have been among those emphasizing that in "real life", decisions occur in sequences and that information available for later decisions is often very much dependent upon the nature and consequences of earlier ones.[34] Griffiths, also, in writing on decision-making as a basis for administrative theory states that:

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[34] Taylor, op. cit., p. 70.

> Practically every decision is one of a series. That is to say practically every decision is one of a sequence. It is almost impossible to determine which decision on a certain state of affairs was the original decision. Furthermore, it is impossible to determine which decision of all those made is a unique one. Each decision appears to tie into another decision reached previously.[35]

In an endeavour to increase understanding of dynamic decision-making, various concepts have been advanced and experiments have been carried out, mainly to determine information seeking behavior in sequential decision tasks. Many of these tasks have been variants of the "Twenty Questions Game" wherein the subject is presented with a succession of clues during which time he may make a final decision or seek further information. One of the more significant findings to emerge from this research into information seeking behavior has been that there are large and consistent individual differences in the amount of information sought.[36] Edwards, Neimark and others have shown "that the strategies employed in information seeking are sensitive to experimental manipulation of the casts,

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[35]Griffiths, op. cit., p. 76.

[36]Taylor, op. cit., p. 70.

pay-offs and probabilities involved."[37] A positive correlation between measures of manifest anxiety and amount of information sought was obtained by Pruitt, but Roberts, using another measure of anxiety failed to replicate these results. He did, however, establish that those subjects who had been subject to experimentally induced failure before being given sequential tasks sought significantly more information than those who did experience success.[38] As interesting as these findings may be, they have barely "scratched the surface" of studies of information-seeking behavior.

Some case studies have been carried out into the nature of business decision-making. Cyert, Simon and Trow reporting on research carried out with respect to a business decision emphasized the sequential nature of decision-making and the continually changing nature of the environment.[39] There is, however, a need for much more research of this nature that will allow for the development of a better

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[37] Ibid.

[38] Ibid.

[39] Richard M. Cyert, Herbert A. Simon and Donald B. Trow. "Observation of a Business Decision," in T. W. Costello and S. S. Zalkind, Psychology in Administration (Englewood Cliffs: Prentice-Hall Inc., 1963), pp. 400-406.

understanding of the processes involved in search, for such search behavior is basic to decision-making. The development of theory, adequately descriptive of the decision-making process in organizations, would seem contingent upon a better knowledge and understanding of the processes that are involved in decision-making. Taylor, after reviewing the literature on decision-making states that "more dynamic models of decision would appear to be badly needed," and while he considers that the model of administrative man is essentially dynamic, he forms the opinion that "central to the elaboration of the model of administrative man is the development of a better model of the process involved in search - search for alternatives and search for consequences."[40]

V. THE DECISION CYCLE

This section proposes a research framework within which to examine the events which led to the decision of the Minister of Education to replace the elected school board of the Fort Vermilion School Division by an Official Trustee. In this framework a limitation is set to discuss those decisions made by the Alberta Department of Education

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[40]Taylor, op. cit., p.83.

which were made on the basis of perceived dysfunctional operation by the Fort Vermilion School Board.

Outline of the Cycle

In the discussion of the decision-making process (supra. pp. 16-25) the five commonly agreed-upon steps for rational decision-making were outlined. These five steps provide the basis for the construction of a decision-making cycle. Figure I is a diagrammatical representation of the cycle that occurs for a single decision.

Dysfunctional Action. In discussing the theory and development of bureaucracy, Blau defines dysfunctions as "those consequences that interfere with adjustment and create problems in the structure."[41] Chinoy, in a discussion of change and function, states that "dysfunctions refer to those consequences which tend to diminish the integration and stability of a society or any or its segments and to lessen the possibility of survival and persistence."[42] Parsons discusses dysfunctions by stating that

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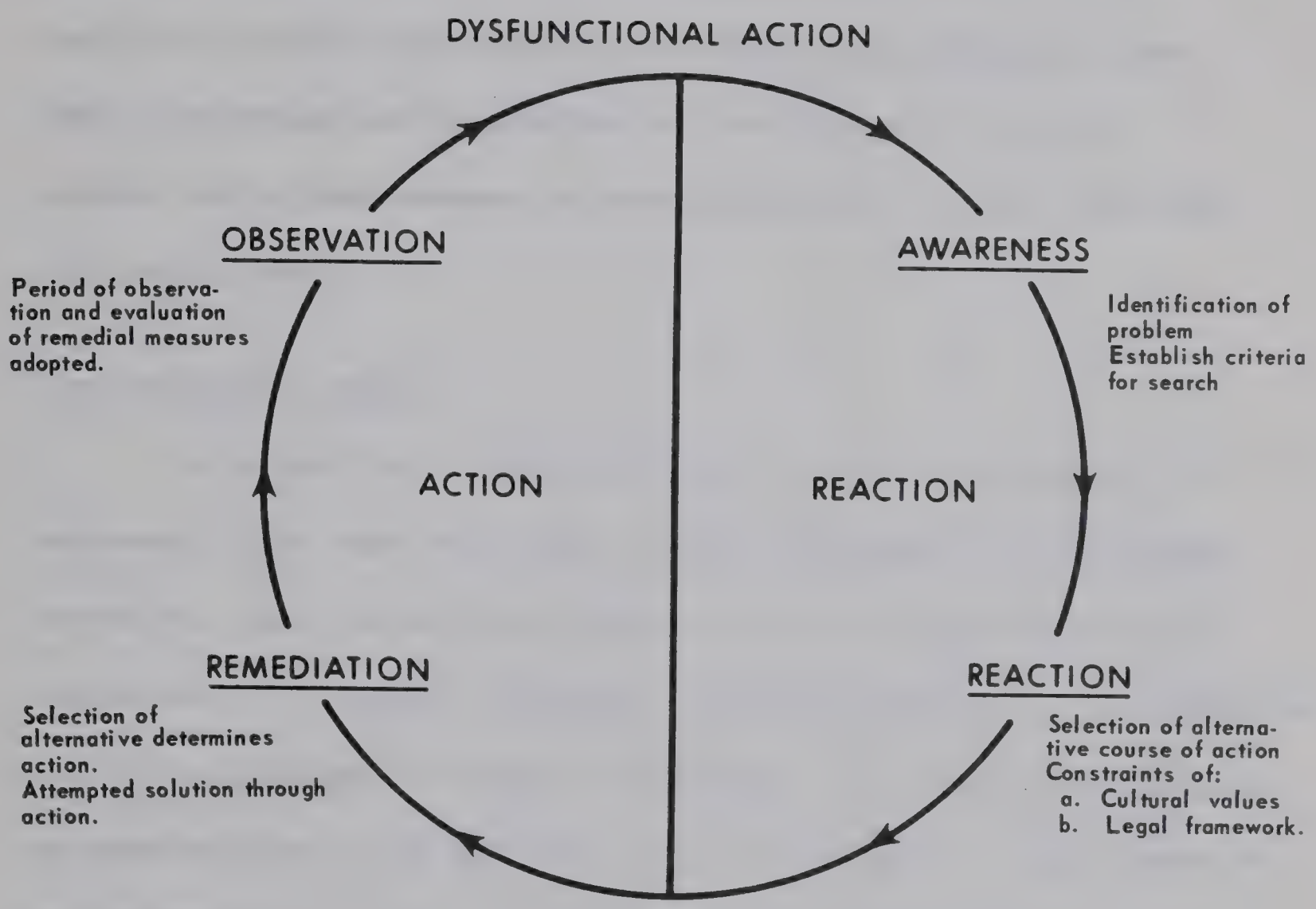
[41]Peter M Blau, Bureaucracy in Modern Society (New York: Random House, 1956), p. 32.

[42]Ely Chinoy, Sociological Perspectives (New York: Random House, 1966), p. 41.

FIGURE 1

THE DECISION CYCLE



> a process or set of conditions either contributes to the maintenance (or development) of the system or it is 'dysfunctional' in that it detracts from the integration, effectiveness, etc. of the system.[43]

In general, therefore, a dysfunctional action with reference to a school division will be one which detracts from the integration and stability of the division so as to lessen its effectiveness or the possibility of its survival and persistence.

The Awareness Stage

In order for a decision cycle to be initiated it is necessary that the officials of the Department of Education perceive, what is in their opinion some dysfunction in the operation of a school division. This perception of dysfunction may be unilateral in that the trustees of a division perceive no dysfunction to be present. The perception of the presence of dysfunction by the officials of the Department of Education may be based on the following criteria:

(a) Accepted precedent.

(b) Accepted business procedure and management practice.

(c) The expectations of other governmental bodies.

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[43]Talcott Parsons, Essays in Sociological Theory (Glencoe: The Free Press, 1954), p. 218.

(d) Department of Educational Regulations.

(e) Provincial School Law.

The existence of some dysfunctional action occurring within a school division or district will be communicated to the Department of Education from members of the public, teachers, Departmental officers, other government agencies or some other source.

Once aware of the presence of the dysfunction, the Department will initiate search procedures to determine its extent and causes. It will attempt to define clearly the problem with which it is confronted and will attempt to establish suitable criteria upon which to assess the situation. Such search activity may involve intensification and extension of the communication process which may operate through the superintendent, field officers, board members, the public, or the mass communication media.

The identification of the nature of the dysfunction and an analysis of its dimensions may call for a solution of a much different type than that which is dictated by the immediate pressure. Rappoport, in discussing the difficulties confronting the decision-maker, has suggested a distinction between problems and dilemmas. The problem is defined as a "difficulty ... which can be solved in the frame of reference

suggested by its nature, by past precedents for dealing with it, or by application of existing policy."[44] The dilemma is defined as a difficulty "which is not soluble within the assumptions explicitly or implicitly contained in its presentation."[45] The dilemma, Rappoport sees as being in need of reformulation and as such will require the attention of officials at the top level of the organization.

The Reaction Stage

A clear definition of the problem will determine the type of search conducted for an appropriate solution. Within a government bureaucracy, such as the Department of Education, the decision-maker will be constantly aware of the political consequences of any decision that he makes.

As a matter of general procedure the search for a solution to any problem will usually begin at the specific level of past precedent, that is to say, reference will be made to solutions that have been found to be successful in the past, and should a satisfactory answer be found, the matter will be solved at this level. Should the matter not

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[44]Katz and Kahn, op. cit., p. 276.

[45]Ibid.

be covered by past precedent, an attempt will be made to seek a solution at the more general level of existing policy. This is to say that in the solution of any problem the decision-maker will attempt to formulate his decision within the existing framework of policy or precedent.

The range of alternatives available to the decision-maker in the Department of Education may be restricted due to such factors as cultural values, which will include a commitment to local autonomy, a legal-judicial framework, containing such matters as the provisions of the School Act, case law, etc., and political considerations.

In Canadian education there is a tradition of local autonomy in the control of education. While the ultimate responsibility for education rests with the provincial government, in operation there is a close partnership between school boards and the central authority. The acts of the provincial legislatures on education set the broad framework within which departments of education and school boards function. Through these acts, the provinces provide for a considerable degree of control and direction at the central level, such tasks being delegated to a minister of education and his department. While legislative acts and departmental regulations set the broad framework for education they cannot

regulate in detail for every eventuality and problem that may arise. In speaking of this Enns states:

> ... a considerable degree of permissiveness exists in the provincial statutes relating to departments of education and to local school boards. These agencies may perform their assigned duties as they see fit, being restricted only by the limitations laid down by the legislature. Thus their authority is limited by provincial statute which is their constitution.[46]

Thus while the provincial department may have leadership and regulatory functions, its decision in any matter relating to school board operation will be constrained by the political enactments of the provincial government. This political enactment is further strengthened, refined and redefined by court action which provides a further constraint to decision.

The decision-maker, therefore, at the department of education level, in his dealings with school boards may have his decisional alternatives constrained both by traditional cultural values and by a political-legal framework.

Basically, the alternatives available to the decision-maker in the Department of Education will range from taking no action to taking drastic action. From day to day,

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[46]Enns, Frederick, The Legal Status of the Canadian School Board (Toronto: The MacMillan Company of Canada Limited, 1963), p. 4.

Departmental officials may be confronted with situations that will require action in some degree. While a decision-maker within the Department of Education may decide to take relatively minor action or to take major action, for the purposes of this analysis, however, the following alternatives will be considered:

(a) to take no action,

(b) to offer advice upon investigation or request,

(c) to take drastic action.

Implicit in this second alternative is a degree of coercion, for the Department of Education may, if its 'advice' is ignored, exercise financial constraints upon the board. A decision-maker who selects the alternative "to take no action" may decide that the dysfunctional situation is one which will correct itself with the passage of time. He may also consider that any intervention may have further dysfunctional consequences which will complicate the situation. He may decide that he needs further information before any decision can be made.

The decision "to take drastic action" could imply such action as to remove the school board and replace it by an Official Trustee. Such an action would be the ultimate that could be taken and would of necessity be a political-

administrative decision which would be made by the Minister acting upon information supplied to him by his Departmental officials, and after careful consultation with other cabinet members.

Remediation Stage

Having selected an alternative, the decision-maker must endeavour to operationalize his decision and to take appropriate measures to remedy the dysfunctional action occurring within the school division or district. In discussing the selection of alternatives, Simon states that:

> All decision is a matter of compromise. The alternative that is finally selected never permits a complete or perfect achievement of objectives, but is merely the best solution that is available under the circumstances. The environmental situation inevitably limits the alternatives that are available and hence sets a maximum to the level of attainment of purpose that is possible.[47]

In its dealings with school boards the Department of Education will often reach a compromise between a commitment to local autonomy and its own regulatory functions. As such it is reasonable to assume that its initial efforts, directed towards the remedying of a perceived dysfunction, will be

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[47]Herbert A. Simon, Administrative Behavior (New York: The MacMillan Company, 1957), p. 6.

advisory in nature.

Important in the implementation of any decision is effective communication. Simon emphasizes this point:

> Decisions reached in the higher ranks of the organization hierarchy will have no effect upon the activities of operative employees unless they are communicated downwards.[48]

Unless adequate processes of communication are available and unless adequate use is made of these, then it is unlikely that decisions made at the Department of Education level will be adequately accepted, understood and implemented at the school board level.

The Observation and Evaluation Stage

When speaking of the administrator Wengert states:

> When he makes policy decisions, when he acts as a planner, when he organizes, when he directs others, an administrator may also be testing hypotheses or systems or propositions in order to assess how well they function in achieving their purposes. His decisions, rather than bringing the matter to a conclusion, are proposals for revision as their consequences become known. Again, because administration is not a unilateral activity the responses induced in the behavior of others are roughly analagous to a feed-back, enabling an administrator to appraise the results of a decision and to modify a course of action at the next step. Decisions are thus not decisive, but are successive

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[48] Ibid., p. 11.

> steps in processes of appraisal. Administration becomes a process of assessment to provide a base for proposals for revision of policy and so for further administration or testing.[49]

Wengert emphasizes the sequential and interrelated nature of administrative decision-making and points to the fact that each decision made by the administrator provides a situation whereby feedback is obtained in order to modify the course of future action.

The adoption of remedial measures must be followed by a period of observation and evaluation in order to ascertain whether or not the selected alternative has had the anticipated consequences and to assess the effects, if any, of unanticipated consequences of the decision that has been made. Generally speaking, this observation and evaluation phase may have the following results:

(a) Should remediation prove effective, the decision cycle will cease.

(b) Should remediation prove ineffective, the cycle will bring a new cycle into effect.

(c) Should a new cycle begin, observation and evaluation will help determine the pattern

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[49]E. S. Wengert, "The Prototype," in W. G. Hack, John A. Ramseyer, W. J. Gephart, and James B Heck, Educational Administration (Boston: Allyn and Bacon, Inc., 1965), p. 345.

of the future cycle, i.e. it provides a "feedback" mechanism for the next cycle.

VI. A RESEARCH MODEL

The decision cycle outlined above will provide one element of the decisional process. Figure II is a diagrammatical representation of the dynamic process of decision-making that may occur within the Department of Education.

The Interrelated Nature of Decision Cycles

The occurrence of some perceived dysfunction by the officials of the Department of Education may initiate a decision cycle. This decision cycle, if initiated, will contain the following stages as outlined above:

(a) Awareness.

(b) Reaction.

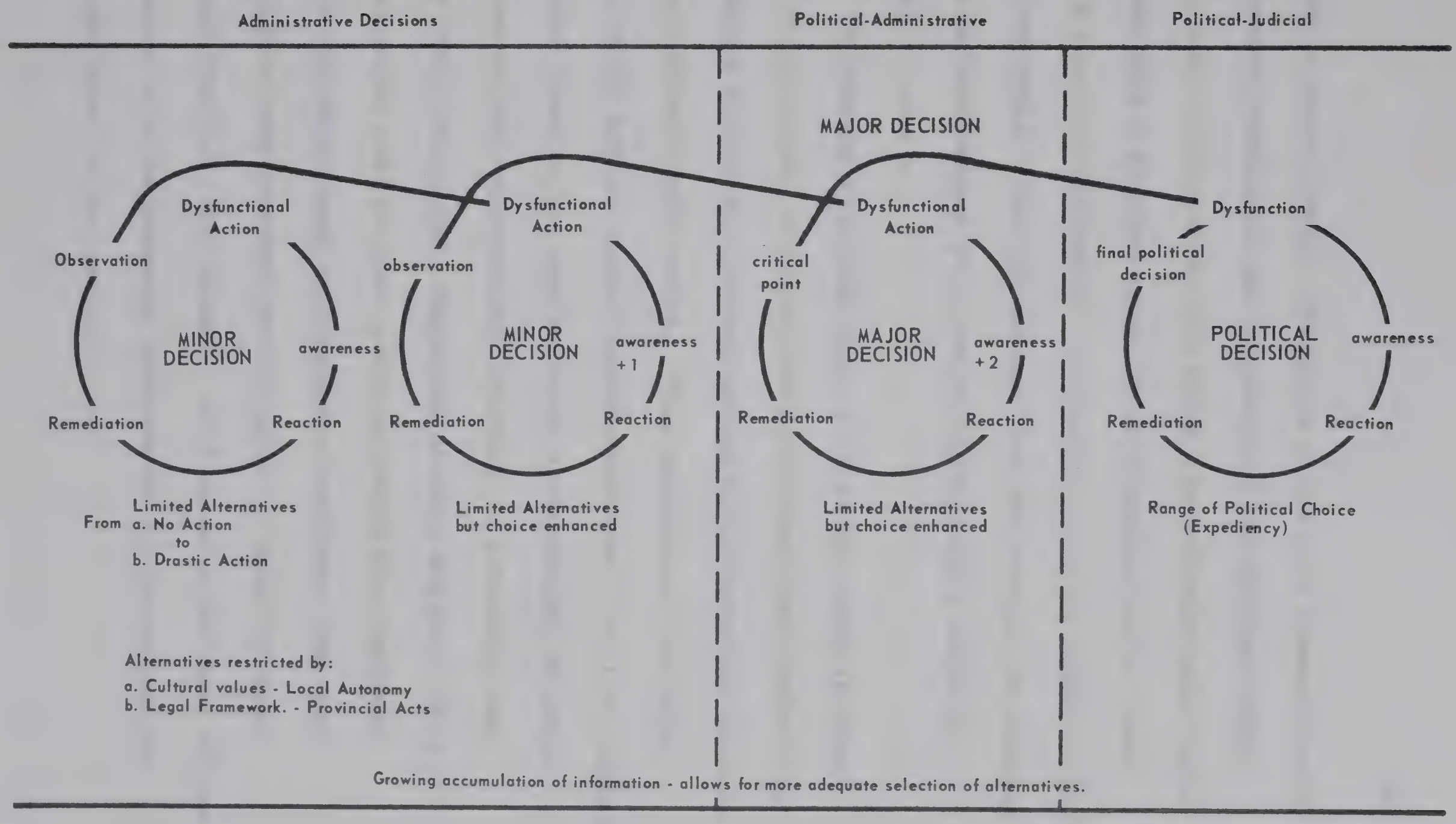
(c) Remediation.

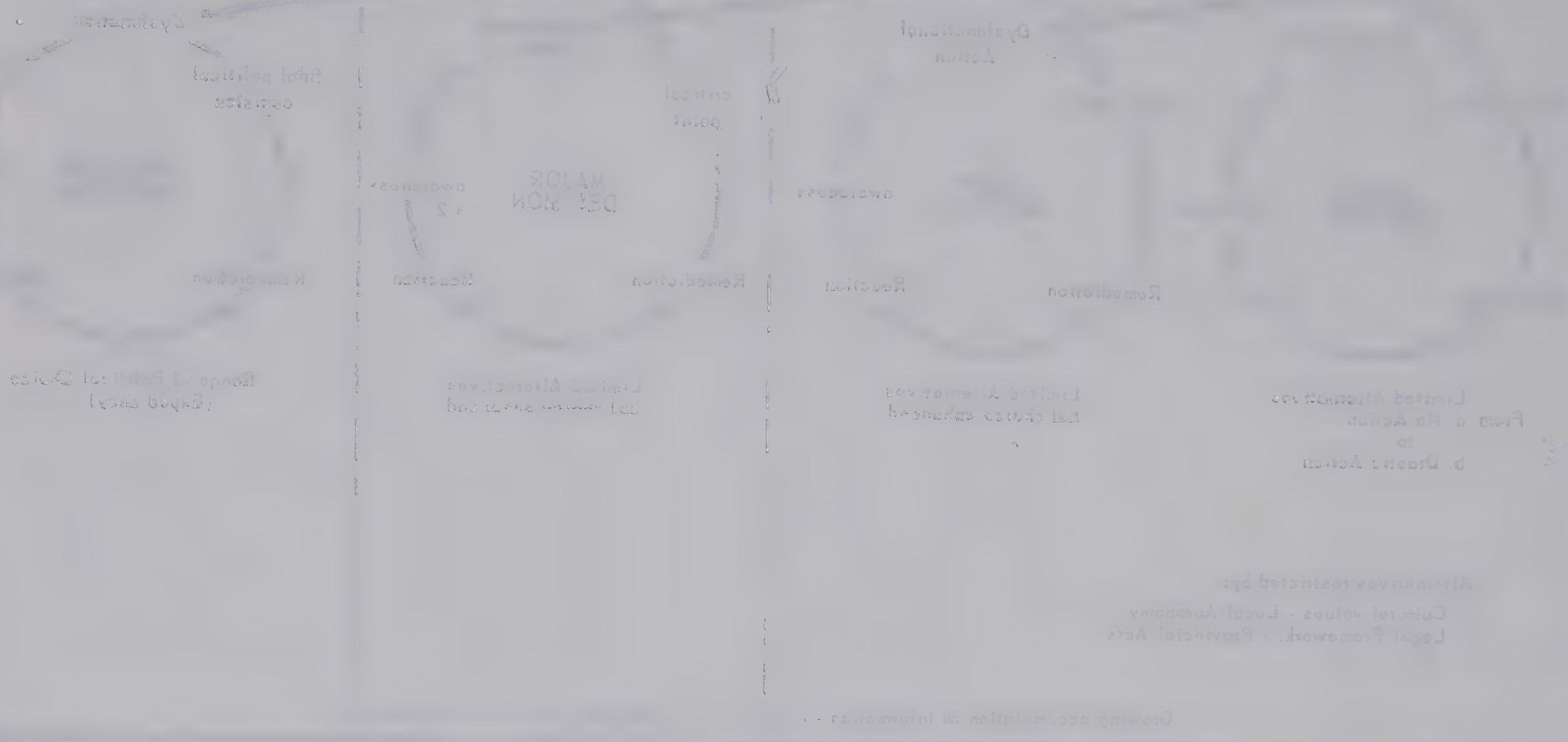
(d) Observation and Evaluation.

As mentioned above (supra. p. 44) should the remedial action prove to be effective in correcting the dysfunction then the cycle will cease. Assuming however, that the remedial measures are not effective then the decision-maker will

FIGURE 2

MODEL OF THE DECISION MAKING PROCESS





initiate a second cycle. Here the cycle will commence with an increased awareness and evidence of the dysfunctional action, but in initiating the cycle the decision-maker will be armed with a greater range of information due in some measure from the "feedback" information that he receives from the first cycle. That is to say, his choice will be enhanced or the decision-maker will now be faced with a shift in emphasis in choice.

The second decision cycle will be the same in form as the first cycle, but with the difference that choice will be enhanced due to the greater amount of information concerning the dysfunctional action. This sequence of decision cycles, which may be termed "minor decisions", will be repeated until such time as the dysfunctions are remedied or until such time as the dysfunctions increase in intensity and reach a "critical point" requiring drastic action. This critical point will be that point at which the decision-maker in the Department of Education considers that the dysfunctions have reached such a point of severity that their continuation, for example, will cause a collapse of the division or will be severely detrimental to the education of the children in the schools.

Types of Decision in the Sequence

In this sequence of decision cycles, two major types of decision-making will occur. These may be termed as (1) administrative decision, and (2) political-administrative decisions.

Administrative decisions may be defined as those decisions made by members of the Department of Education in connection with the carrying-out of routine administrative tasks. Such decisions may involve the implementation of earlier decisions and in many cases will necessitate a certain degree of expertise, in as much as the evaluation of alternatives will require a knowledge of school law, departmental regulations, and a familiarity with established relationships between school boards, governmental agencies and the Department of Education.

Political-Administrative decisions will differ from administrative decisions in degree rather than in kind. These are those decisions that because of their somewhat unusual nature must be made by the Minister of Education. These are generally based upon information supplied to him by members of the Department of Education but such information can come from a variety of other sources. Usually, in making such a decision the Minister will also seek consultation with

other members of the cabinet.

In making this distinction between administrative and political-administrative decisions it should be remembered that both types will contain both political and administrative elements. The difference will be one of degree. A political-administrative decision, therefore, may be said to be one in which political considerations predominate whereas an administrative decision is one where administrative considerations are the main concern. Figure III is a diagrammatical representation of these types of decision.

The Political-Judicial Cycle

This cycle may or may not occur within the decisional sequence. Should the public request it, or should the government feel that there is a need to justify its major political-administrative decision, it may initiate a judicial inquiry into the circumstances leading to its major decision.[50] This inquiry would be carried out by a legally qualified judge who, upon weighing the evidence obtained under the terms of his frame of reference, would submit to the Lieutenant

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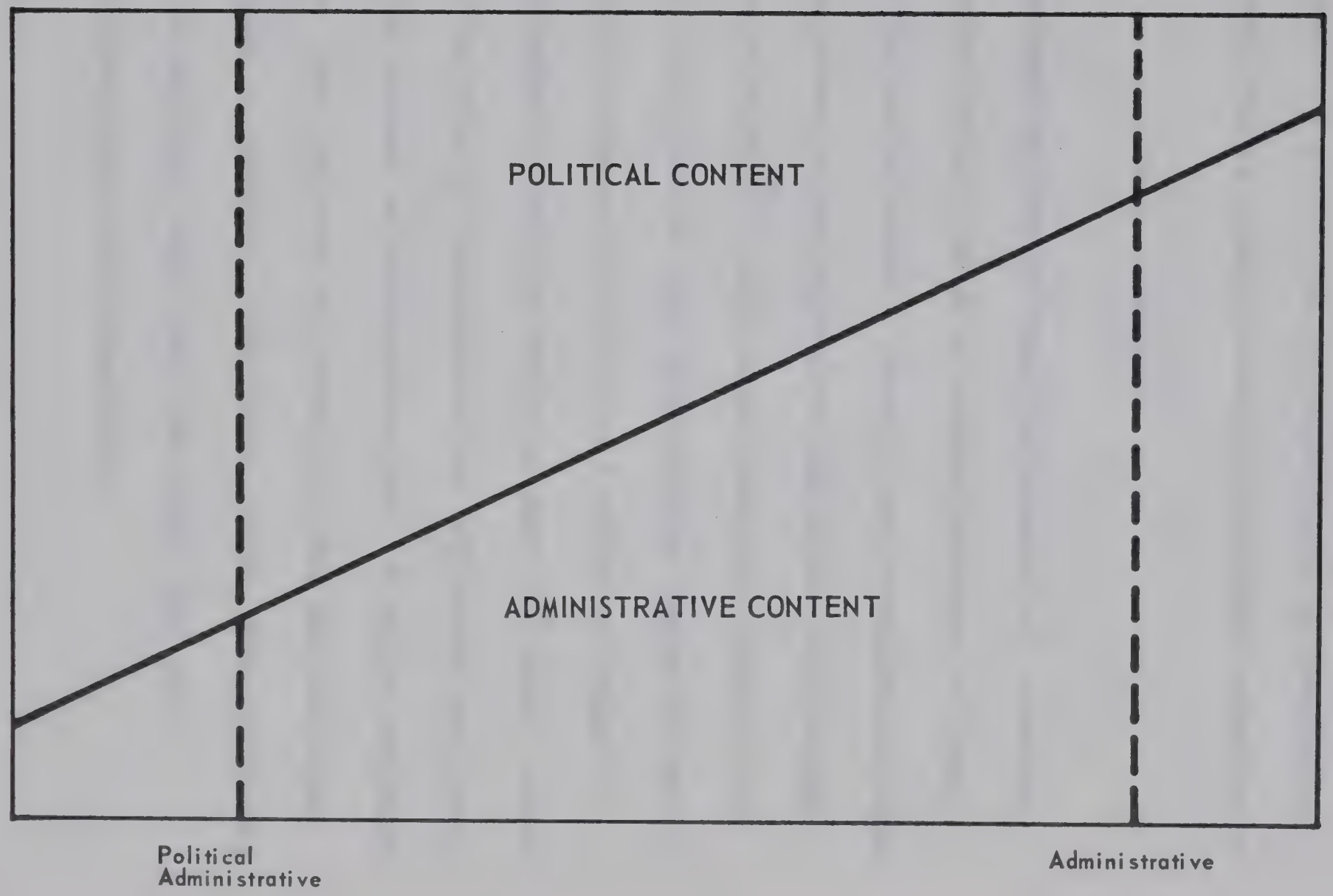
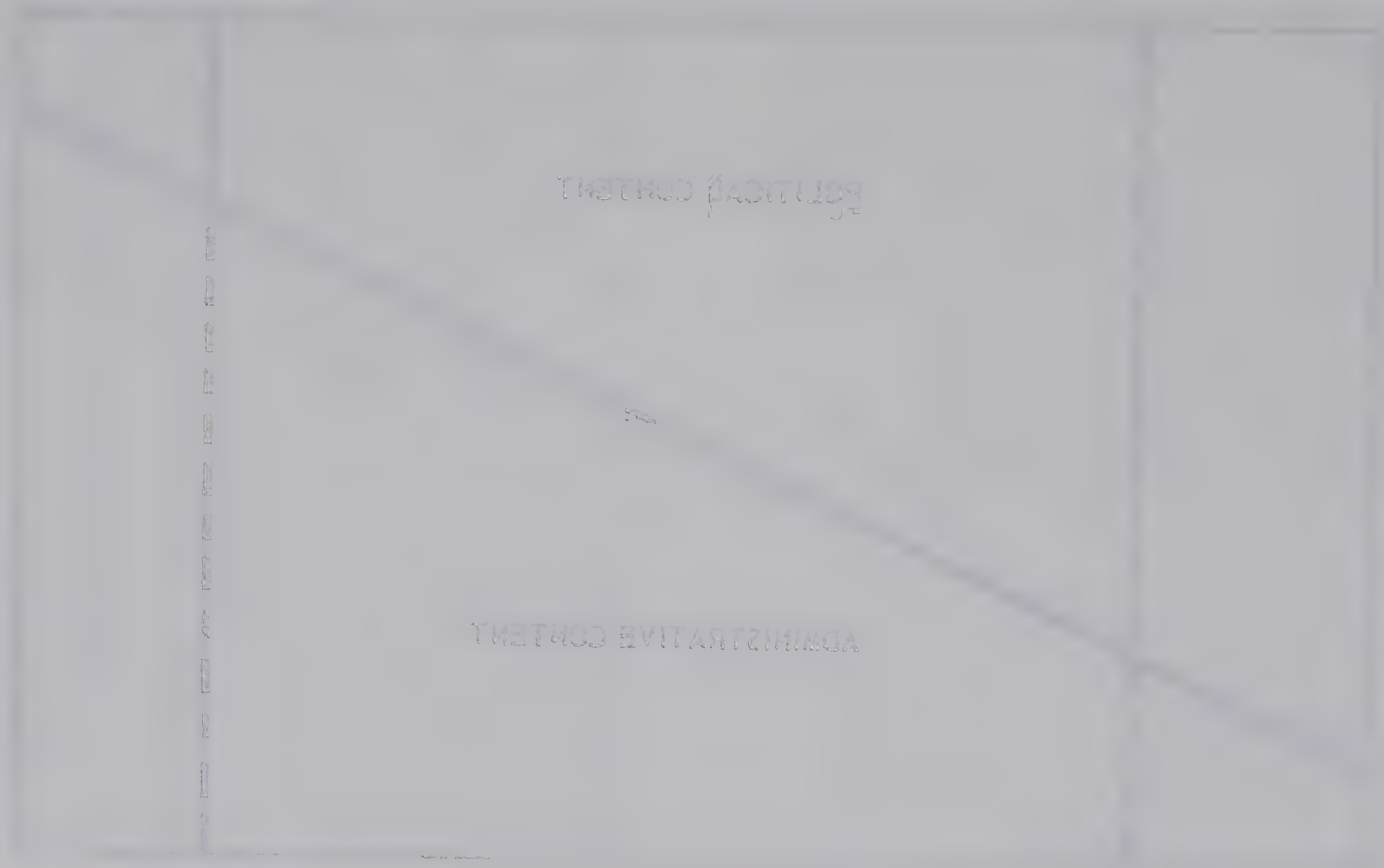
[50]The government may also lay charges against persons in a court.

FIGURE 3

TYPES OF DECISIONS





Governor in Council. In this decision cycle the range of alternatives will be political in nature and in realistic terms may be said to be conditioned by political expediency.

VII. SUMMARY

Decision-making may be said to consist of a series of minor decision cycles, each of which provides a "feed-back" for the following cycle. Should the remediation taken within a cycle prove to be effective the cycle will bring the sequence to a stop.[51] Such minor decision cycles will continue until such time as the dysfunctions cease or until the dysfunctions increase to a critical point at which a major political-administrative decision must be made. Minor decisions will be made by administrative officials and their decisions may be termed as administrative. A major decision must be made by the Minister of Education and his decision will be political in nature. The final cycle, the political judicial, may or may not occur and the basis for its institution will be political expediency.

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[51] On occasion, remedial measures may not be taken by the Department of Education or the Provincial Government. Often the Government leaves a particular offense against the School Act to court action which is to be initiated by a local resident.

This model attempts to provide a framework within which to examine the process of decision-making that was carried out in connection with the decision of the Minister of Education to replace the elected board of the Fort Vermilion School Division by an Official Trustee. In its present form it treats decision-making in connection with dysfunctions occurring within the school board. Although its use has been restricted for the purposes of this study, empirical research may show that it is applicable to a wider range of decision-making situations.

CHAPTER III

RESEARCH PROCEDURES

I. THE COLLECTION OF DATA

The main sources of data that were used in the investigation to determine the process of decision-making that occurred in the case were as follows:

(a) The court transcript of an Official Inquiry conducted to investigate and report on the events leading to the appointment of an Official Trustee to the Fort Vermilion School Division;

(b) Interviews with selected people who were associated with the case;

(c) The files of the Department of Education in Edmonton, Alberta.

The Records of the Official Inquiry

In accordance with an Order-in-Council 546.65, Mr. Nelles V. Buchanan, retired chief judge of the District Court of the District of Northern Alberta was appointed commissioner, in conformity with the Inquiries Act, to investigate and report upon the events and causes leading

to the appointment of an Official Trustee for the Fort Vermilion School Division No. 52 and the consequent replacement of the School Division's elected Board of Trustees. All sittings of this inquiry, occupying twelve and a half days, between July 19th and August 4th, 1965 were held in the gymnasium of the Fort Vermilion School.

During the course of this inquiry, thirteen volumes of court transcript containing 2,118 pages of sworn evidence on the events leading to the decision to appoint an Official Trustee were obtained from members of the School Board, officers of the Department of Education, the Royal Canadian Mounted Police, qualified accountants and other interested people.

This evidence, given under oath, formed the main source of information necessary to determine the events and circumstances that led to the decision by the Minister of Education to replace the Fort Vermilion School Board by an Official Trustee.

The Use of Interviews

The information contained in the thirteen volumes of court transcript obtained from the Official Inquiry formed the main source of data necessary to reconstruct the

events of the case. In addition to these data, however, interviews were held with members of the Department of Education, ex-members of the Department of Education, members of the Fort Vermilion School Board which was replaced by an Official Trustee, the ex-superintendent of schools for the division, school teachers in the Fort Vermilion Division, a former member of the Fort Vermilion School Board and residents of the Fort Vermilion Settlement and surrounding area.

During the week of August 21st to August 28th, 1967, the writer travelled to the Fort Vermilion School Division. During this week interviews were carried out with the following people:

Mr. R. A. Backstrom, former Chairman of the Fort Vermilion Board,

Mr. L. R. Northey, a former Trustee,

Mr. Stephens, a former Chairman of the Fort Vermilion School Board,

Mr. D. Steer, Principal of the La Crete School,

Mr. C. Boulanger, garage proprieter of Fort Vermilion.

During the months of July, August and September, 1967, interviews were carried out with the following people. In some cases two or more interviews were carried out with the

same people:

Mr. E Daniels, ex-superintendent of schools for the Fort Vermilion School Division and the Division's first Official Trustee.

Mr. A. Wetter, Assistant Director of School Administration with the Department of Education.

Mr. U. Shogren, Senior Field Administrative Officer with the Division of School Administration of the Department of Education.

Mr. R. Penrice, Field Administrative Officer of the Division of School Administration and the present Official Trustee of the Fort Vermilion School Division.

Dr. E. A. Hodgson, ex-Director of School Administration, and at present Professor of Educational Administration at the University of Alberta in Edmonton.

Mr. C. G. Jewers, the officer in charge of the School Buildings Branch of the Division of School Administration of the Department of Education.

The Purposes of the Interviews

All interviews carried out in connection with this study were unstructured. This is not to imply, however, that they were without any prior planning or defined purpose.

Generally speaking these interviews had the following purposes:

(1) To provide confirmation of material obtained from other sources, such as court transcript, Department of Education files, etc.

(2) To provide continuity to data obtained from other sources.

(3) To supplement data obtained from such sources as the court transcript and the files of the Department of Education.

(4) To obtain personal reactions to events connected with the case.

(5) To cross-check data obtained from other sources.

(6) To obtain an appreciation of events prior to those reported in the case study.

(7) To gain an understanding of the operation of the various divisions and branches within the Department of Education.

In order to verify information gained from interviews, a careful check was made of this information with information obtained from the official transcript of the Official Inquiry and with information obtained from the files of the Department of Education. In many cases information obtained in the

interviews allowed the writer to appreciate more fully information gained from these other sources.

The visit to Fort Vermilion. As mentioned above (supra. p. 55) the writer travelled to Fort Vermilion township during the week of August 21st to August 28th. During this week, visits were made to the Towns of High Level, La Crete, Rocky Lane and Savage Prairie, and to the various farming areas in the district. During these visits the writer was able to speak with members of the population of these areas and to inspect some of the schools. These visits helped to give the writer a better appreciation of the setting in which the events of the case occurred and to gain some appreciation of the difficulties facing such an isolated division.

The Use of Department of Education Files

All files relating to the case were made available to the writer by the Deputy Minister of Education. These files were used to supplement materials and information gained from the court transcript and from the personal interviews. The files were also very helpful in providing information on the history and formation of the Fort Vermilion Division.

II. DELIMITATIONS

In the analysis of the events of this case study, a delimitation was set to discuss only those decisions which were made by the members of the Alberta Department of Education and the Minister of Education which were made on the basis of perceived dysfunctions occurring within the administrative operation of the Fort Vermilion School Division Board. This did not preclude a discussion of those decisions made by the Trustees of the Division in connection with these same events. No attempt was made, in the writing of the case, or in the analysis of the events, to evaluate the effects of administrative dysfunction upon the operation of schools within the division or upon the morale, satisfaction or efficiency and effectiveness of members of the teaching staffs of the schools within the Division.

A delimitation was also set to discuss only those events which occurred between August 1962 and November 1965, although reference was made to events occurring before August 1962 in order to clarify events within this above period.

III. LIMITATIONS

In speaking of exploratory studies and in particular the case study, Selltiz et al. state that "exploratory studies merely lead to insights and hypotheses; they do not test or demonstrate them" and further they suggest that "one cannot assume that these processes do in fact occur in cases other than those one has studied."[1] The present case was no exception to these comments. The primary focus in this study was on the process of decision-making that took place and from a study of this insight-stimulating example it was anticipated that insights and hypotheses could be developed that were capable of further testing and development.

The study, therefore, was limited in the extent to which generalizations could be made from the results that were obtained.

The study was also limited in that its primary focus, being as it was upon the decision-making process did not place judgment upon the actual functioning of the School Board nor upon the measures that were adopted by the

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[1]C. Selltiz, M Jahoda, M. Deutsch and S. W. Cook, Research Methods in Social Relations (New York: Holt, Rinehart and Winston, 1962), p. 64.

Department of Education to remedy the dysfunctions that it perceived to exist in the operation of the Fort Vermilion Division.

A further limitation placed on the study was the difficulty of determining the degree to which interpersonal relationships within the Department of Education affected the decision-making process that took place in connection with the events of the case. The duties imposed upon the Commissioner by the Order in Council setting up the Judicial Inquiry (infra. p. 257) were related more to an investigation of the internal operation and administration of the Fort Vermilion School Division. Because of this, the official court transcript of the Judicial Inquiry, which formed the main source of information for the reconstruction of the events of the case, gives ample evidence of the interpersonal relationships that occurred between persons within the School Division but relatively little information regarding such relationships within the Department of Education.

In any study of this nature, the researcher faces the limitation imposed by human memory and upon the participants' ability to recollect clearly the events as they occurred in the past. Despite the fact that evidence

in the Judicial Inquiry was given under oath, this limitation still existed. Unless the opportunity exists for participant observation however, this limitation must exist for any research of this nature.

IV. ASSUMPTIONS

In the analysis of the events of this case the assumption was made that only those dysfunctions that occurred within the Fort Vermilion School Board were responsible for the decisions that were made by the Minister of Education and his Department.

A further assumption was that administrative decisions made within the Department of Education formed part of a connected sequence with the final political decision of the Minister of Education to replace the Fort Vermilion School Division Board by an Official Trustee and that this political-administrative decision was formed, in part at least, on the recommendation of officials of the Department of Education and upon the basis of information supplied to the Minister by these officials.

V. THE CASE STUDY APPROACH

In defining a case study, Good and Scates state that it

> consists of the data relating to some phase of the life history of the unit or relating to the entire life process, whether the unit is an individual, a family, a social group, an institution, or a community.[2]

Barr has defined it "as a form of systematic diagnosis employing both the longitudinal and cross sectional view of phenomena to discover how they came to be."[3] This method, which has had extensive use in educational research has been borrowed from the fields of medicine, law, social service and military science.

The Case Study Method

The case study method of interpreting social phenomena is one of the oldest in the social sciences. In discussing the case study method, Young states that

> the earliest application of the case method to social research were the historians' descriptive accounts of peoples and nations, followed later by detailed studies of smaller groups, factions and individuals.[4]

Gee states that it was Le Play who was first to apply

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[2]Carter V. Good, "The Sequence of Steps in Case Study and Case Work," Educational Research Bulletin. September 16, 1942, Vol. XXI, No. 6, p. 161.

[3]Ibid.

[4]P. V. Young, Scientific Social Surveys and Research (New York: Prentice Hall Inc., 1951), p. 265.

systematically the case study method in his study of family budgets in the years between 1829 and 1884.[5]

Essentially the case study method is a method used in social research

> whereby data are collected and studied which depict any phase of, or an entire life process of a unit in its various relationships and in its cultural setting. The unit studied may be a person, a family, a social group, a social institution, a community or a nation. In contrast to the statistical method, the case study method gives a more or less continuous picture through time of the experiences, social forces and influences to which the unit has been subjected.[6]

Perhaps the greatest use of the case study method in education has been in its application to problems of abnormality, brightness, dullness, problem children, mental and physical growth and other similar problems of a psychological nature. Allport says that "the method ... is the most comprehensive of all," and he considers that it "lies closest to the initial starting point of common sense."[7] Allport is referring to the use of the case study method in

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[5]Wilson Gee, Social Science Research Methods (New York: Appleton-Century-Crofts, Inc., 1950), pp. 230-231.

[6]Ibid.

[7]Gordon W. Allport, Personality (New York: Henry Holt and Company, 1937), pp. 389-98.

the field of psychology, but in referring to the method he states that "it provides a framework within which the psychologist can place all his observations gathered by other methods."[8] The method has had quite extensive use in the field of educational administration and "it is becoming generally recognized that in dealing in any practical way with human relationships and adjustments there is considerable advantage in development case study techniques."[9]

The decision to use the case study method will rest with the individual researcher but Olson when discussing the method states that "the more unique an event the greater the demand for a case approach,"[10] and he further states that "the case method is practically mandatory for the student interested in process rather than product."[11] The case study is essentially exploratory in nature.

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[8] Ibid.

[9] Carter V. Good, A. S. Barr and Douglas E. Scates, The Methodology of Educational Research (New York: Appleton-Century-Crofts, 1941), p. 569.

[10] Willard C Olson, "General Methods: Case Study," The Scientific Movement in Education. Thirty-Seventh Yearbook of the National Society for the Study of Education, Part II (Bloomington, Ill.: Public School Publishing Co., 1949), pp. 329-332.

[11] Ibid.

Its Relation to Other Methods

The case method research is distinct in itself but bears a distinct relation to other methods.[12] Gee points out that it is fallacious to argue over the merits of different methods such as the case method, the statistical method, the historical method, etc., for he sees that "any method which achieves its purposes is valid for that purpose."[13]

The case method and the statistical method may be considered to be complementary and interdependent. In speaking of this Elmer states:

> The statistical method points out the existence of repetitious units, which may show the presence of a desirable situation. The case method may on the one hand call attention to problems to which the statistical method may be applied, and on the other hand may follow a statistical conclusion by a comprehensive analysis of the particular phenomenon which had been shown statistically to be a repetitious unit.[14]

Gee points out that the case study, if accurate, provides a true record of the events associated with some aspect of

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[12]Gee, op. cit., p. 232.

[13]Ibid.

[14]Manuel C. Elmer. Social Research (Englewood Cliffs: Prentice Hall Inc., 1939), pp. 122-123.

social behavior whereas statistical generalization is generally only an abstract approximation. When using statistical generalization the researcher must sacrifice some degree of definiteness and concreteness.[15] Often a preliminary statistical study can be the fore-runner of a selection of case studies which in a more detailed way bring to the attention of the researcher factors which may need special and more comprehensive study.

The case study method may also be likened to the historical method. Through the use of the case study method the researcher is able to secure

> a more or less continuous picture through time of the experiences, social forces and influences which they have exerted or to which they have been subjected and conditioned in the life activities of other individuals, forces and social situations.[16]

The Use of the Term "Case" in Social Work

The case study method is often confused with such terms as social case work, case history and case work.

Social case work is a method that is adopted to help various people through social services and personal counselling.

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[15] *Ibid.*

[16] *Ibid.*

It has as its major purpose that of releasing the capacities of such people and of bringing about adjustments in personal and family life. In connection with social case work will be the use of case histories or case records which consist of information recorded about an individual or group. The function of professional social workers in assisting individuals or groups who find themselves in disadvantaged situations, to secure and return to a normal living condition is referred to as case work.

The terms social case work, case history, case method and case work should not be confused with the case study method which is a method used in social research.

Similar confusion of terms may occur between the case study method and the case method of teaching which has been used extensively in the study of public administration.

The Use of Case Research in Explicit Theory Building

Case research has been used in the field of sociology for the purposes of explicit theory building. Phillip Selznick's study of the Tennessee Valley Authority and Peter Blau's study of government officials are, perhaps, the best examples of this type of research.

In his study of the T.V.A., Selznick attempted to

interpret and analyse the materials that he gathered in the form of a case study in order to set up hypotheses as a basis for further theorizing. In his approach to the analysis of his case, Selznick set up a prior frame of reference in order "to provide criteria of significance but not to act as a surrogate for inductive theory itself."[17] In speaking of his method of research Selznick states:

> (An) empirical analysis of a particular organization, of its doctrine, of a phase of policy in action, of its interaction with other structures, was our objective. But in order to trace the dynamics of these events, it has been necessary to attempt a reconstruction, which is to say a theory, of the conditions and forces which appear to have shaped the behavior of key participants.
>
> Theoretical inquiry, when it is centered upon a particular historical structure or event, is always hazardous. This is due to the continuous tension between concern for a full grasp and interpretation of the materials under investigation as history and special concern for the induction of abstract and general relations. Abstractions deal harshly with "the facts" choosing such emphases and highlighting such characteristics as may seem facticious, or at least distorted, to those who have a stake in an historically well-rounded apprehension of the events themselves.[18]

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[17] Phillip Selznick, T.V.A.: Democracy and Grass Roots (Berkley: University of California Press, 1953), p. 250.

[18] Ibid.

Selznick maintains that the use of a frame of reference provides the tools for discrimination but such frames do not demand any conclusion about the materials under investigation.[19] In using such a framework, Selznick was not committed to the prior development of hypotheses concerning the actual events but rather sought to develop hypotheses inductively from the empirical data.

In speaking of the advantages of the case study, Blau states that "case studies ... have the major advantage of lending themselves to interlocking various research procedures." He sees that social processes can be examined directly in a case study and exploratory hypotheses can be tested immediately. Blau views the case study method as one "which provides the reliability of different research techniques,"[20] and as in the case of the research carried out by Selznick, he approached the analysis of his case studies through a theoretical framework which was modified and refined in the course of his research.

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[19] Ibid.

[20] Peter M. Blau, The Dynamics of Bureaucracy (Chicago: The University Press, 1955), pp. 4-6.

Conclusions

The method that was used in this research was the case study method. In design the research was similar to that used by Selznick in his case study of the T.V.A. Chapter Two outlines a research framework that was set up in order to provide criteria of significance for the investigation. In some respects this framework may be viewed as an hypothesis for the thesis. This framework provided the writer with a means of ordering the data within the case but did not of itself demand any conclusions concerning the materials under investigation. By use of this framework it was possible to examine the process of decision-making that occurred and to later develop some hypotheses concerning the decision-making process in general.

VI. THE USE OF COURT TRANSCRIPT

In the writing of the case study and in the analysis of the decision-making cycles, frequent reference was made to the court transcript of the Public Inquiry that was carried out between July 19th and August 4th, 1965, under the direction of Judge Nelles Buchanan. In the writing of the thesis this Inquiry was referred to as the "judicial inquiry" or the "Official Inquiry."

During the writing of the case and in the analysis that followed quotations were used from this court transcript. In the footnoting that was used the words "Court Transcript" refer to the fact that the quotation was taken from one of the thirteen volumes of court transcript connected with this inquiry.

Court transcript provides the reader with a verbatim record of the conversations that occurred between witnesses and the counsel and between witnesses and the Commissioner, during the entire course of the Inquiry. As such the construction of many sentences in this transcript did not follow the normal grammatical rules of prose writing. The reported conversations were also subject to errors of recording. All quotations used in this study were reported faithfully and no attempt was made to correct obvious errors in spelling or grammar. Where necessary, explanation of these errors was given by means of a footnote.

VII. DEFINITION OF TERMS

School Act - The School Act, being Chapter 297, of the Revised Statutes of Alberta, 2955, with Amendments up to and including 1964.

Board - The Board of Trustees of Fort Vermilion School

Division No. 52.

Department - The Department of Education of the Province of Alberta.

Division - The Fort Vermilion School Division No. 52.

Elector - A person entitled to vote at an election in a subdivision, namely a person who being a Canadian Citizen or British Subject, twenty-one years of age or over, resides in a district, within a subdivision.

Minister - The Minister of Education, for Alberta.

Proprietary Elector - Any elector who is liable to assessment and taxation for school purposes in respect of property situated in the division.

Municipality - Any town, city, village, municipal district, county, improvement district or special area.

Subdivision - An area within a divisional area, established by Ministerial order, and containing such number of school districts as are prescribed in the said order.

Superintendent - The superintendent of schools of Fort Vermilion School Division No. 52; prior to August 1963, T. E Giles, and subsequent to August 1963, E. R. Daniels.

Trustee - A member of the Board of Fort Vermilion School Division No. 52.

Dysfunctional Action - One which detracts from the integration and stability of a school district, division or school board.

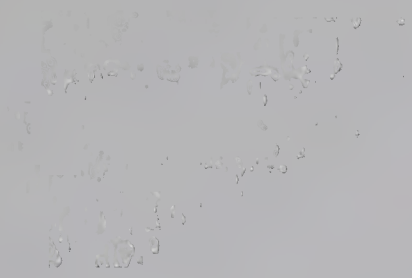
Awareness - The perception and definition of a dysfunctional action.

Reaction - The analysis, search and selection of an alternative course of action.

Remediation - The application of a selected course of action designed to remedy some dysfunctional action.

Decision - The selection, from among available alternatives of a particular course of action.

Feedback - A partial reversion of the effects of one decision cycle to an ensuing decision cycle or cycles.



CHAPTER IV

THE STRUCTURE OF THE ALBERTA DEPARTMENT OF EDUCATION

I. INTRODUCTION

The purpose of this chapter is to outline the structure of the Alberta Department of Education. While each division within the Department is described, particular emphasis is given to the Division of School Administration as it was this division which was most concerned with the events that took place in the case.

II. THE LEGAL BASIS

The Alberta Department of Education is constituted under the Department of Education Act wherein it is decreed that:

> 3. There shall be a department of the public service of the Province which shall be called the Department of Education, and over which there shall preside the member of the Executive Council appointed by the Lieutenant Governor in Council under the Seal of the Province to discharge for the time being the functions of the Minister of Education.[1]

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[1] The Department of Education Act, Section 3, 1955.

This Act further specifies in broad terms the duties and functions to be undertaken by this Department as:

> 5. The Department shall have the control and management of all kindergarten schools, technical schools, commercial schools and teachers' institutes, and the education of deaf, deaf mute and blind persons.[2]

and contains provisions under which the Minister, with the approval of the Lieutenant Governor in Council may make regulations regarding such matters as the classification, organization, examination and inspection of schools; construction, care and furnishing of school premises; the examination and licensing of teachers; the management and organization of teacher in-service and children's cultural activities; and the definition, control and licensing of kindergartens.

The Act further makes provisions for the authorization of reference books and for the printing and publishing of texts and for the supplying of instructional equipment. Included in the Act are provisions for the training of teachers and for the provision of education for the handicapped and for education in such specialized fields as vocational education. These regulations apply to both public

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[2] Ibid., Section 5.

and separate schools and to any private educational institutions that might be established in the Province.

III. ADMINISTRATIVE DIVISIONS WITHIN THE DEPARTMENT

The Department of Education in Alberta consists of the Division of Instruction, the Division of Vocational Education, the School Book Branch, and the Division of School Administration, and is directed by the Minister of Education who is a member of the Executive Council of the Province. In discussing the position of the Minister, Reeves, Melsness and Cheal state that "the Minister is chosen by the political party in power at that time, and must be an elected member of the provincial legislative assembly."[3] While the Minister is titular head, most of the responsibility for the day-to-day operation of the Department is delegated to the Deputy Minister. It is the responsibility of the Deputy Minister to direct and co-ordinate the operation of the Department and to implement the policies outlined by the Minister and the Government.

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[3] A. W. Reeves, H. C. Melsness and J. E. Cheal, Educational Administration: The Role of the Teacher (Toronto: The MacMillan Company of Canada Limited, 1962), p. 55.

III. THE DIVISION OF INSTRUCTION

In the Annual Report of the Department of Education for 1965 the main functions of the Division of Instruction are set out as follows:

> The responsibility for directing the provincial public school service and maintaining desirable standards of instruction resides with the Division of Instruction, under the charge of the Chief Superintendent of Schools.[4]

In order to achieve these aims, this division is divided into four branches. These are: (1) The Supervisory and Evaluative Branch, (2) The Special Services Branch, (3) The Curriculum Branch, and (4) The Office of the Registrar. The activities of all of these branches are coordinated by the Chief Superintendent of Schools.

The Chief Superintendent of Schools

The Chief Superintendent of Schools has a wide range of duties. These have been defined in the Annual Reports of the Department of Education as follows:

> The major duties of the Chief Superintendent are to coordinate the work of the instructional division as a whole, and to provide leadership

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[4] The Province of Alberta, Sixtieth Annual Report of the Department of Education (Edmonton: The Queen's Printer for Alberta, 1965), p. 8.

> to the staff of provincially and locally employed superintendents.[5]

In order to carry out these duties he must confer with branch heads within his division; he directs and consults with school superintendents and High School Inspectors, usually through provincial and regional conferences, and he attends all major curriculum meetings that are held in the Province.

In addition to the above duties, the Chief Superintendent also acts as Chairman of the Board of Teacher Education and Certification. He is a member of the Senate of the University of Alberta and he acts as Chairman of the High School and University Matriculation Examinations Board.

The Supervisory and Evaluative Branch

It is the Chief Superintendent of Schools who assumes direct responsibility for the work of this branch which coordinates and directs the activities of provincial superintendents of schools, high school inspectors and special supervisors.

In 1965 this branch included sixty-two provincial superintendents of schools, nine high school inspectors and

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[5] Ibid., p. 8-9.

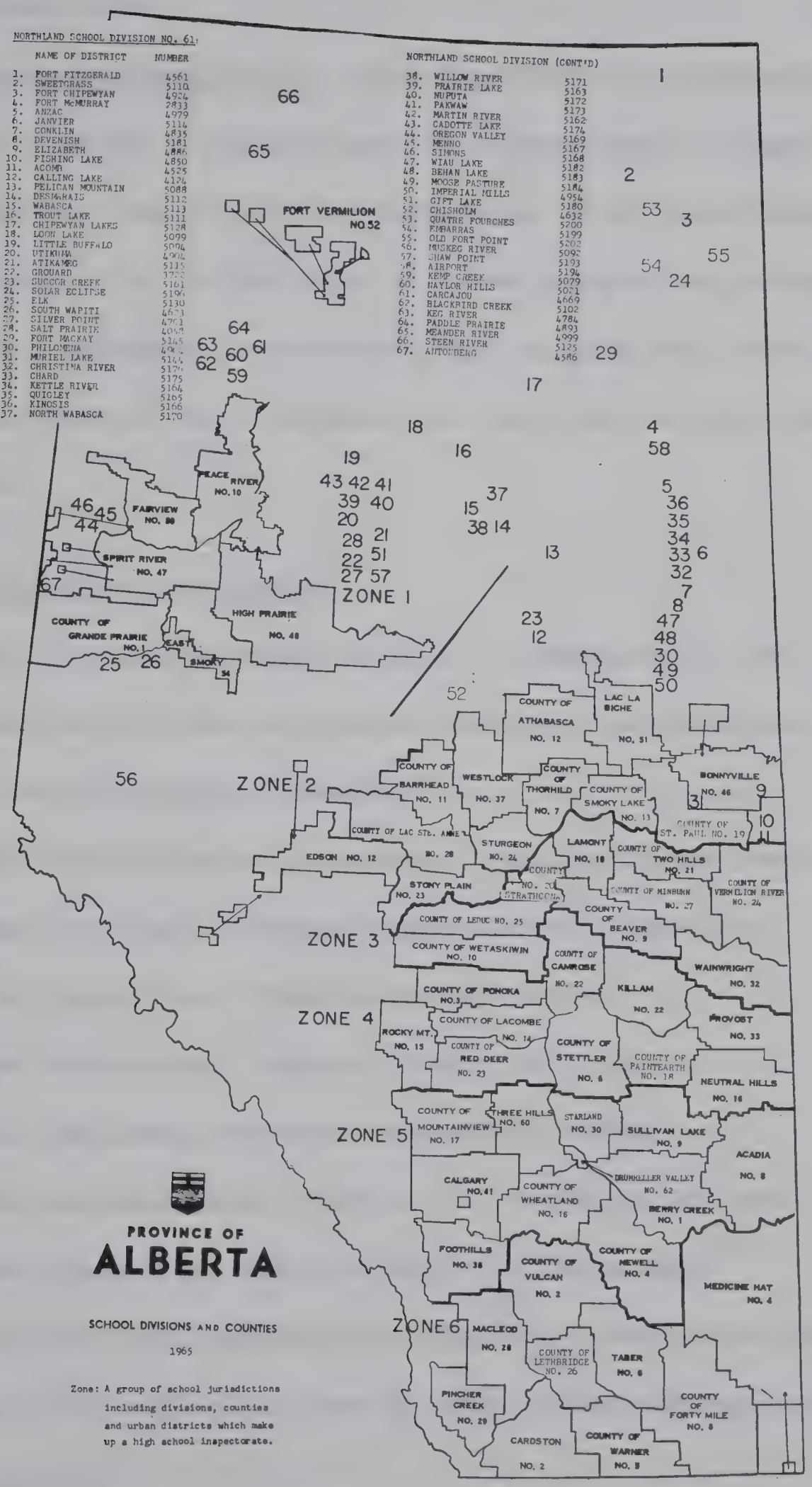
three special supervisors.

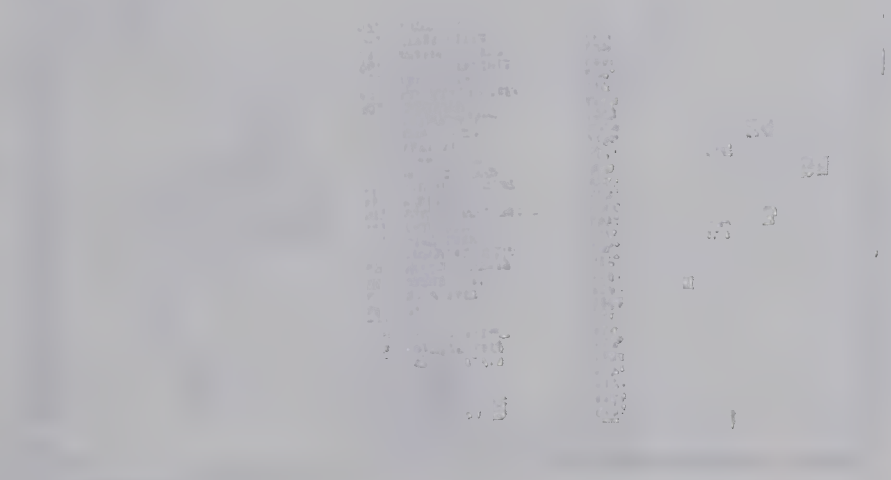
Provincial Superintendents. The duties of provincial superintendents of schools will be outlined in more detail in the next chapter (infra., p.106) but in general their duties may be said to include the supervision and evaluation of instruction, the provision of professional advice and assistance to school boards, the maintenance of a liaison with other government departments and between government departments and school boards and, in general, to provide educational leadership within the communities to which they are assigned.

High School Inspectors. Where the provincial superintendent of schools is attached to a district or a division, the high school inspector is responsible for the provision of educational leadership in a provincial zone. Figure IV shows the distribution of these zones in the Province of Alberta. In 1964 there were nine zones in the Province. The duties of the high school inspector parallel in many respects those of the provincial superintendent of schools but in recent years these officers have been involved more and more in survey work, administrative reorganization and in the provision of in-service work for principals and teachers

FIGURE IV

HIGH SCHOOL ZONES IN ALBERTA





within their zone.

Special Supervisors. The Department of Education maintains a staff of three special supervisors. These people work in the fields of Industrial Arts, Home Economics, and Guidance. It is the task of these people to provide specialized guidance to teachers, principals and school boards throughout the Province, in their particular field of competence.

The Special Services Branch

The Special Services Branch is responsible for educational activities of special schools and includes the work of the following officers:

The Superintendent, Alberta School for the Deaf.

The Director, Correspondence School Branch.

The Supervisor, Examinations Branch.

The Supervisor, Special Education.

The Chairman, Student Assistance Board.

The Co-ordinator, Testing and Research Office.

The Secretary, Service Men's Children Act.[6]

In 1965 this branch authorized and supervised the operation within the Province of four correspondence schools

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[6] Ibid., p. 64.

and three tutoring schools. It also supervised the operation of kindergartens, summer schools, night schools, private schools and colleges, and supervised the provision of grants and materials to special "opportunity" classes, blind classes, pre-school classes for hearing-handicapped children and schools for retarded children.

The Curriculum Branch

The Curriculum Branch of the Division of Instruction is responsible for the supervision, implementation, revision and extension of elementary, junior high and high school curricula within the Province. This work is achieved mainly through the Senior High School Curriculum Committee, The Junior High School Curriculum Committee, and an Elementary Schools Curriculum Committee. By use of these committees this branch authorizes new courses for schools, provides for experimentation in various curricula, approves new texts for use in the schools, provides evaluation for existing courses and approves the publication and distribution of various curriculum guides.

The Curriculum Branch is also responsible for a Teachers' Service Bureau, the major work of which is curriculum revision, and an Audio Visual Services Branch which "is

concerned with providing certain services to the schools of Alberta and with studying developments in instructional devices and materials."[7]

The Office of the Registrar

"The Office of the Registrar functions primarily as a certification bureau for teachers employed in Alberta School Systems."[8] The following are the chief duties of this office:

(1) Issuing certificates of qualifications to teach.

(2) Administering the regulations governing the certification of teachers.

(3) Assessing the credentials of applicants for teaching positions from outside Alberta.

(4) Maintaining records of the professional standing and teaching service of each Alberta teacher.

(5) Issuing professional statements.

(6) Evaluating foreign secondary school documents.

In addition to his other duties the Registrar is Secretary of the Board of Reference and of the Board of

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[7]Sixtieth Annual Report of the Department of Education, op. cit., p. 59.

[8]Ibid., p. 48.

Teacher Education and Certification and also acts as the officer in charge of Teacher Exchange. The Registrar may also act as Chairman of other bodies associated with education in the Province. In 1965, for example, the Registrar acted as Chairman of the Chartered Accountants Experience Appraisal Board.[9]

IV. THE DIVISION OF VOCATIONAL EDUCATION

The major responsibility of the Division of Vocational Education is to provide direction for the operation of vocational and technical education in the Province. The Division is concerned with such programs as vocational high school training, technician training, trade and other occupation training, and training programs in cooperation with industry. The Division is also concerned with programs for the training of the unemployed and for the disabled.

V. THE SCHOOL BOOK BRANCH

The School Book Branch is in effect a very large book shop which is operated by the Department of Education for the benefit of Alberta's pupils and teachers. This branch forms

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[9] Ibid., p. 48.

a central purchasing and distribution agency for school books throughout the Province and prices are set as low as operating costs will allow. The Branch also maintains an inventory of library books, helps to operate a subsidized textbook rental scheme, and maintains book stores at the Southern and Northern Institutes of Technology at Calgary and Edmonton.

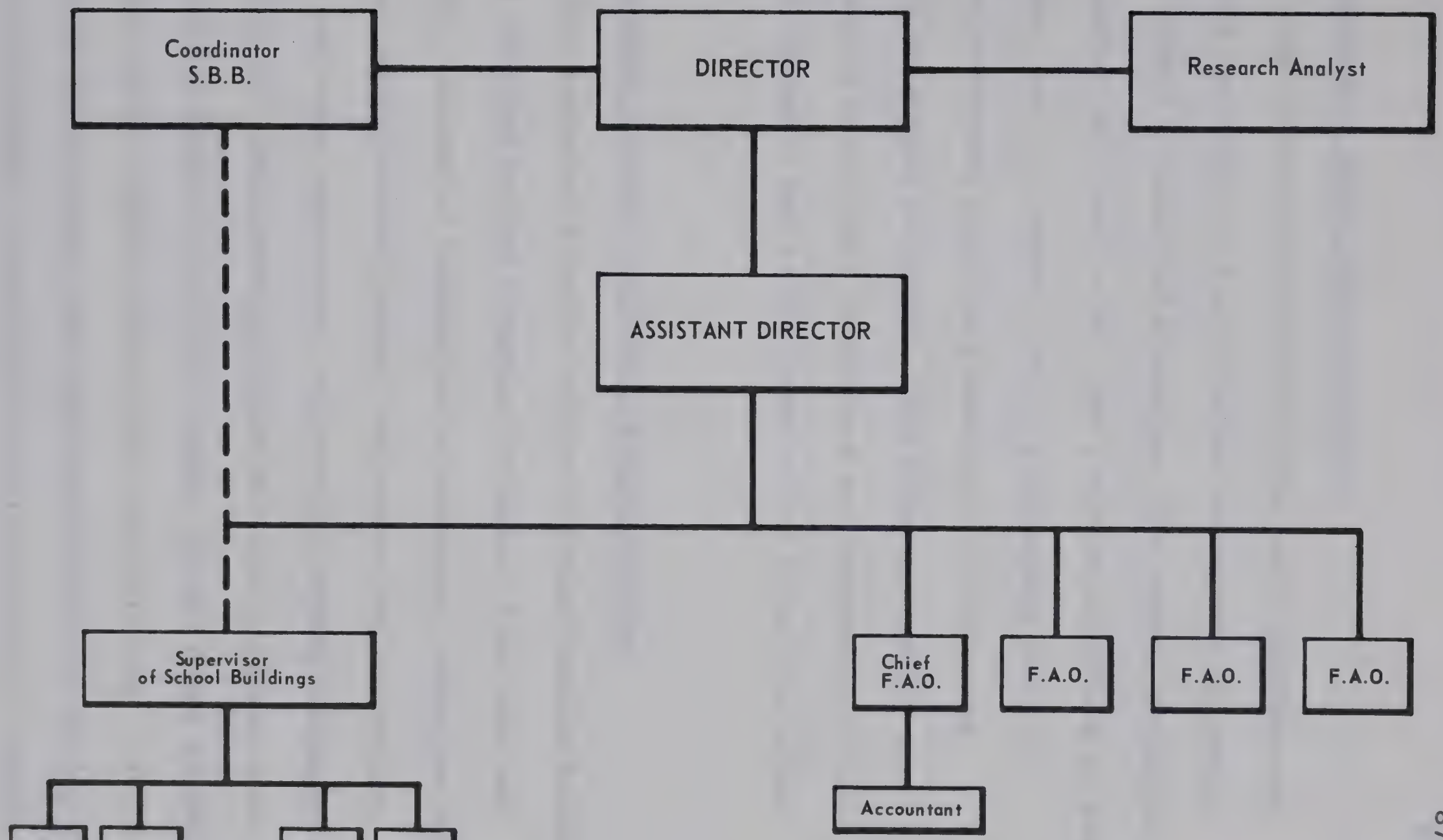
VI. THE DIVISION OF SCHOOL ADMINISTRATION

The Division of School Administration, which was established on July 1st, 1945, is concerned mainly with two aspects of the work of the Department of Education -- funds and facilities. It is this Division which is responsible for such matters as school budgets, financial statements, debentures, the School Foundation Program, School grants, legislation, legal interpretation of the acts connected with education, the preparation of legal documents, the preparation of ministerial orders and approvals, school sites, building plans and inspection, the establishment and disestablishment of school districts, boundary changes, and other related matters.

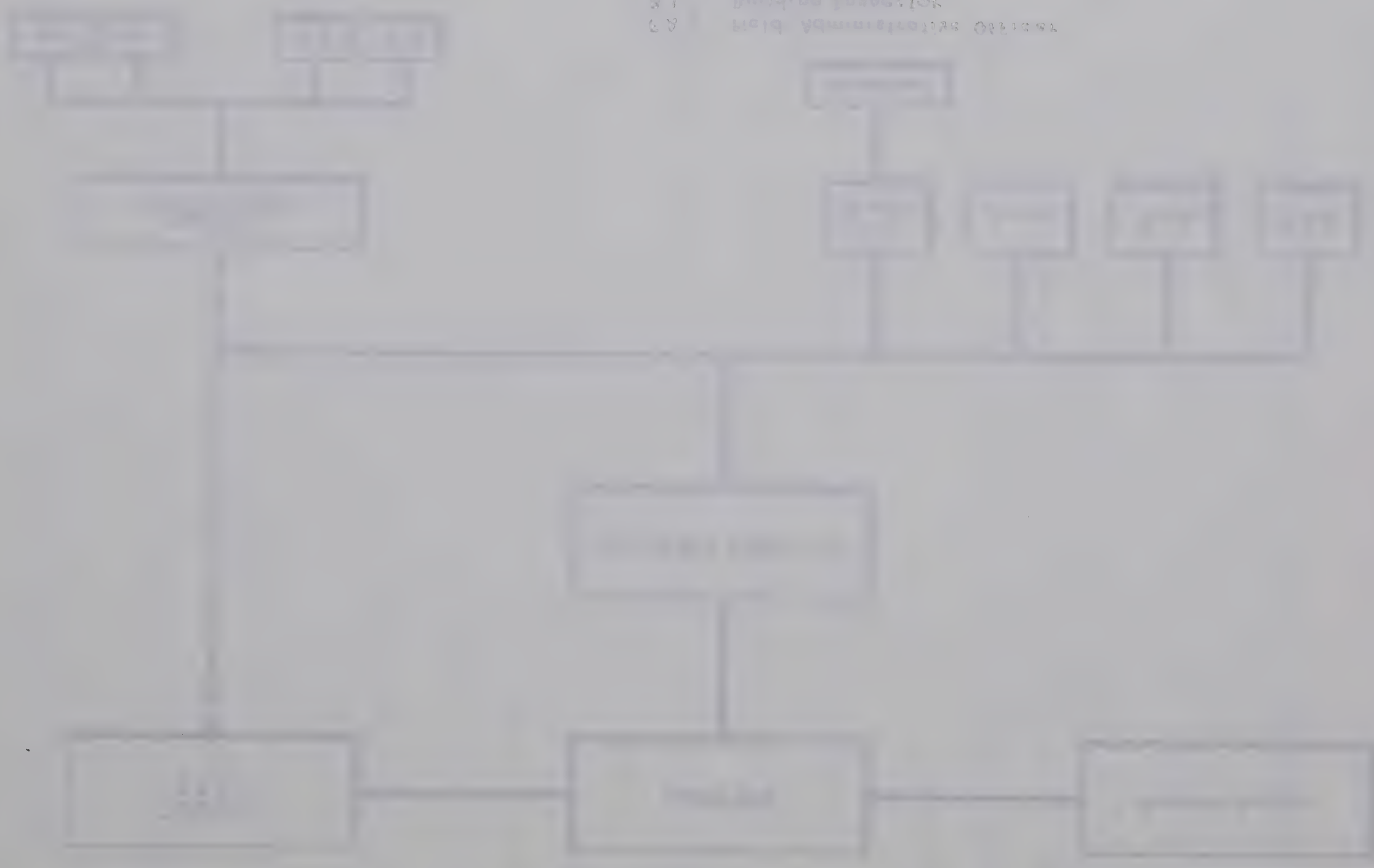
Figure V outlines the structure of the Division of School Administration.

FIGURE 5

STRUCTURE OF THE DIVISION OF ADMINISTRATION



F.A.O = Field Administrative Officer
B.I. = Building Inspector
P.E. = Plans Examiner



The Director of School Administration

This officer is responsible for the direction and efficient operation of the Division and reports directly to the Deputy Minister of Education. The actual duties of the Director will vary within the Division according to the incumbent, but, in general, he is responsible for all problems connected with the financing of schools and erection of school buildings. The Director usually acts upon various educational committees and incumbents of this position normally act as Chairman of the School Buildings' Board.

The Assistant Director of School Administration

The Assistant Director of the Division usually handles matters relating to the formation of school districts and divisions, changes of boundaries of districts, divisions and counties, establishment grants, inclusions and exclusions, tuition and other agreements, ministerial orders and approvals, transportation complaints and other matters in these areas. The Assistant Director is also a member of the Local Authorities Board and works in close association with this body. As in the case of the Director, the distribution of such duties is a matter of internal organization and is subject to change.

In the absence of the Director, the Assistant Director assumes control of the Division.

Field Administrative Officers

The general duties of the field administrative officers include the supervision of school budgets, the handling of special problems related to school board operation, correspondence with school boards, attendance at board meetings, special surveys and other matters dealing directly with the operative administration of school divisions and districts.

In 1966, the administrative units within the Province were divided into four territories, each of which was assigned to an administrative officer. This reorganization was affected for the following reasons:

(1) To ensure that school boards get better service through one "contact" man.

(2) To ensure that one person in the Department would become acquainted with the whole range of problems facing each school authority in his territory.

(3) To simplify communication within the Department

of Education.[10]

In addition to this reorganization, special duties within the Division were handled basically by each of the four administrative officers. This re-allocation of special duties was as follows:

Chief Field Administrative Officer. The special duties of the Chief Field Administrative Officer are as follows:

(1) General revision of auditor's financial statements, budget forms, etc.

(2) General revision of questionnaire for secretary-treasurers re internal control system.

(3) General supervision of stenographic work in Field Administrative Office.

(4) General supervision of the work of the Accountant.

(5) Organization of short courses for new secretary-treasurers.

(6) Trustee of the Northland School Division.

Field Administrative Officer No. 1. The duties of this officer include the following:

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[10]Circular from Director of School Administration to all Secretary-Treasurers, February 9th, 1966, contained in the files of the Department of Education, Edmonton, Alberta.

(1) Secretary for staff meetings in the Division.

(2) Analyses of Indian Affairs agreements.

Field Administrative Officer No. 2. This officer acts as the Official Trustee for the Fort Vermilion School Division.

Field Administrative Officer No. 3. This officer is responsible for transportation study.

The Accountant. The Accountant of the Division is directly responsible to the Chief Administrative Officer. His duties include the following:

(1) Assistance to Field Administrative Officers with analyses of budgets and financial statements.

(2) Issuing of debentures (including calculations of eligibility, etc.)

(3) Assistance with School Foundation Program Studies.

(4) Assistance with data processing.

(5) The preparation of tables for Annual Reports.[11]

This allocation of duties is subject to change. Such matters as changes in personnel, expansion of staff, or internal reorganization could lead to changes in the allocation of duties.

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[11]Memorandum prepared by Mr. A. B. Wetter, Assistant Director of School Administration, September 11th, 1967. Contained in the Files of the Department of Education, Edmonton, Alberta.

This allocation is also subject to the wishes of the Director of School Administration.

The above reorganization was an attempt to facilitate the work of the Division. Prior to 1966, field administrative officers did not have responsibility for any defined territory or for any defined areas within the Division. Consequently there was often overlap in the work of these men. This new organization was an attempt to strengthen communication to the Department of Education by school board officials.

The School Buildings Branch

The School Buildings Branch of the Division of School Administration is responsible for the supervision of the erection and maintenance of all public and separate school board buildings in the Province. The duties of this branch include the following:

(1) The approval of plans and specifications for all public and separate instructional buildings to be erected in the Province.

(2) The comparison of school Building Board recognitions of need with school board building plans.

(3) The checking and securing of Ministerial approval

for school building tenders.

(4) The checking to ensure that school boards have secured Local Authorities Board approval for borrowing.

(5) The approval of final building contracts.[12]

(6) The certification of adequacy and suitability of space for kindergartens.

(7) The approval of temporary school accommodation, e.g. community halls, gymnasiums, etc.

(8) The inspection and approval of newly-completed buildings.

This Branch of the Division maintains a staff of two building inspectors. Buildings inspectors check on all new construction in the Province and on the condition of existing buildings of which school boards plan to dispose. In 1967 two new building inspectors will be added to the staff of the School Buildings Branch. These men will be engaged in examining existing school buildings in the Province with regard to maintenance requirements and will submit written reports on the condition of school buildings to the school boards and

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[12]This Branch does not approve contracts for private schools but does approve all plans.

to the School Buildings Branch.

There are two plans officers on the staff of the School Buildings Branch and these officers check all buildings plans that are submitted to the Branch and pass them on to the other government departments where checks are made to ensure that regulations regarding health standards, electrical safety and similar matters of safety have been complied with. The plans officers also check building plans and make analyses of space for the School Buildings Board.

The Co-ordinator of the School Buildings Board

This officer is a member of the Division of School Administration but works with the School Buildings Board where he assists with the compilation of recognitions of need. Because of this connection with recognitions of need he maintains a close liaison with the supervisor of the School Buildings Branch who must check recognitions of need against school board building plans.

CHAPTER V

THE DEPARTMENT OF EDUCATION AND SCHOOL BOARDS

I. INTRODUCTION

The purpose of this chapter is to describe some of the legal aspects of education in Alberta and those provincial-board relationships which have particular relevance to the events under consideration in this study. A description of administrative units of education, the duties of school board personnel, the duties of the superintendent of schools, the financing of education in Alberta and procedures dealing with new building construction is given in order to provide a framework in which to understand better the events that took place in connection with the decision of the Minister of Education for Alberta to appoint an Official Trustee to the Fort Vermilion School Division.

II. ADMINISTRATIVE UNITS OF EDUCATION

Administrative units of education in Alberta may be either public or separate. Under the terms of the School Act, the Minister, by an order in writing may establish any portion of the Province as a public school district. The

School Act also provides for a religious minority in an established public school district, whether Protestant or Roman Catholic, to establish a separate school district. The boards of such separate school districts have the same rights and obligations as public school boards and are subject to Department of Education regulations respecting such matters as hours of instruction, curriculum, text books and supervision.

The basic unit of administration in Alberta is the school district which normally comprises an area of sixteen to twenty square miles. At the inception of the Province in 1905, six hundred and two of these small units existed and throughout the following years the number of these was increased to over five thousand.[1] Between 1913 and 1951 several attempts were made to form larger school districts. These included the consolidated school district, the rural high school district, the school division and the county.

The School Division

Since the events of this case took place within a school division a description of this type of administrative

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[1]Cameron Commission Report, op. cit., p. 76.

unit is given. Following earlier suggestions on consolidation in 1929 by the Minister of Education, the Hon. Perren Baker, the Social Credit government on assuming power in 1936, instituted a scheme of consolidation by which, without a vote, many rural areas and hamlets were absorbed into new school units. These new units, called divisions, were formed by the combination of smaller school districts which retained their former boundaries. The executive and legislative powers of the old district school boards, however, were transferred to the new divisional boards, while the former were left with only advisory powers.[2]

III. THE DUTIES OF SCHOOL BOARD PERSONNEL

The functions and legal basis of school boards in the Province of Alberta have been outlined above (supra., pp. 95, 96). The following section deals with the duties of the personnel within a school division.

The Duties of a Board Chairman

The chairman of a school board is elected by the board members and is the unpaid chief officer of the school board.

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[2]Eric Hanson, Local Government in Alberta (Canada: McClelland and Stewart, Limited, 1956), p. 47.

As chief officer it is the duty of the chairman to exercise a close supervision over the affairs of the division. In the section of the School Act dealing with the duties of officers of boards, the duties of the chairman are listed as follows:

> 191 (1) The chairman of the board shall
>
> (a) exercise a general supervision over the affairs of the district or division.
>
> (b) scrutinize all accounts against the district or division and passed by the board, and either sign or initial the accounts before the treasurer pays them unless, in the case of a town or city district or division, the board has passed a resolution authorizing a trustee or a person other than the chairman to scrutinize the accounts, and
>
> (c) countersign all cheques of the district or division, unless the board has passed a resolution authorizing a trustee or officer other than the chairman to countersign the cheques.
>
> (2) Where the chairman is, through illness absence or other cause, unable to perform the duties of his office the vice-chairman has all the powers of, and shall perform all the duties of the chairman.[3]

The School Trustee

The number of school trustees on any school board in

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[3]School Act, op. cit., p. 69.

Alberta varies according to the type of district and with the direction of the Minister. The School Act provides that the board of a division shall consist of one trustee for each subdivision and that for rural and village districts the board of trustees shall consist of three trustees. In the case of a rural or village district, and at the discretion of the Minister, the board of trustees of the district may be increased to five members. Provision is also made in the Act whereby the electors of any divisional rural district, should they so desire and by resolution at an annual meeting, provide that the board consist of only one trustee whose term of office shall be for one year only. In such case, the elected member may also act as secretary for the district.

The board of a town or city district consists of five members but at the discretion of the Minister the board may be increased to seven or nine members in a city district or to seven members in a town district. In the case of a divisional town district the board may, with the permission of the Minister, reduce the number of trustees to three should circumstances so warrant this reduction.

In the case of a consolidated school district which does not include a town, the Act provides that the board of trustees should consist of one trustee for each district

included within the consolidation. Where a town is included within the consolidated district two trustees are elected to represent the town interests and there is an additional member for each other district included in the consolidation. Provision is also made in the Act for boards of divisional districts having centralized schools. In such case, "where the board of a school division provides for the attendance of the pupils in two or more districts at one school operated by the board," the Minister, at his discretion, "may direct that one board of trustees only is to be elected for all districts."[4]

The resignation of Trustees. Any trustee wishing to resign from a board may do so by sending notice in writing to the secretary of the school board. Such notice of resignation is presented at the next meeting of the board and upon being recorded in the minutes for that meeting the resignation has immediate effect. Such resignation, however, does not disqualify a trustee for future re-election. In the case where all trustees wish to resign, they must signify their intention in writing to the Minister and their resignation becomes effective on the date on which their

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[4]School Act, op. cit., p. 33.

successors are elected or appointed.

Disqualification of Trustees. The question of the disqualification of trustees may be viewed from the point of view of ineligibility for membership and from that of removal from office. Section 110, subsection 3 of the School Act states:

> A person is qualified to be nominated or elected as a trustee in a town district if he is an elector of the district who can read and write and if he resides in the district and has resided therein for twelve consecutive months immediately preceding the date of nomination.[5]

In the case of a divisional, rural, village or consolidated district the only qualifications are that the trustee should be an elector and be able to read and write. For a non-divisional rural, village or consolidated district the same provisions apply with the further provisions that he be the owner or lessee of land in the district subject to assessment for school purposes, is a lessee under a lease issued pursuant to The Public Lands Act, of land in the district, is a lessee under a lease from the Crown of land in a special area and in the district, or if he is the husband, wife, son, daughter, father or mother of a person

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[5]School Act, op. cit., p. 41.

in each of the above cases. No teacher who is under contract to a board may hold the position of trustee in any division or district, but a teacher is eligible to be a trustee of a divisional district provided that he does not hold a teaching position in that district or within the area from which the board is elected.

Trustees may be disqualified from office for the following reasons:

> (a) is convicted of a criminal offence punishable by a term of over one year's imprisonment.
>
> (b) is convicted of any offence against the provisions of the School Act and for which a penalty is provided.
>
> (c) becomes insane.
>
> (d) absents himself from the meetings of the board for three consecutive months without being authorized by resolution entered upon the minutes.
>
> (e) ceases to reside within the district or, in the case of a divisional trustee, within the division, for which he is a trustee, or
>
> (f) ceases to be an elector of the district.[6]

In the case of a person who is convicted for a criminal offence the punishment for which is imprisonment for a term of over one year, the disqualification from nomination is

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[6] School Act, Section 88, 1962.

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determined as being for a period of three years from the date of conviction.

If two or more electors of any district consider that an elected trustee, for reasons of incompetence, inability or any of the reasons listed above, should be removed from office, then they may apply to a judge for a direction calling upon that trustee to show just cause why he should not be disqualified from office. Having received such an application, the judge must initiate a judicial hearing and upon hearing the evidence presented may disqualify the trustee from office, or dismiss the complaint. Should a trustee be disqualified from office by such a procedure he is not eligible for renomination or election to any board for a period of three years from his disqualification.

The Secretary Treasurer

The position of secretary-treasurer is a key one in the operation of a school district or division. His work may be more or less equated with that of a business manager for the school board. Where the school board members generally meet only once a month, it becomes the joint task of the secretary-treasurer and the superintendent to translate into action the policies and decisions made by the

board, and to manage and oversee the administrative and instructional operations of the district or division. In general, the secretary-treasurer will be responsible for the business affairs of the district, which may include such matters as the procurement of supplies, bookkeeping and accounting, payment of salaries, and other related duties, and the superintendent will be responsible for those matters directly related to the instruction within the schools, including the recruitment and supervision of teachers.

The appointment of a secretary-treasurer is the responsibility of the school board. Section 173 of the School Act states that a board shall appoint a secretary and a treasurer, or a secretary-treasurer and such other officers and servants as may be required for the effective operation of the district and that the amount of remuneration be fixed by the board rather than in accordance with any mandatory provincial-wide salary schedule. Only in the case of a school division does the Act require that ministerial approval be obtained for the appointment of a secretary-treasurer. Under Section 173, subsection 5 of the School Act a division may appoint a secretary-treasurer on a probationary basis for six months, after which time Ministerial

approval must be obtained for confirmation of the appointment.

The duties of a secretary and of a treasurer of a non-divisional district and of a division are clearly outlined in the School Act.

The Duties of a Secretary. The School Act provides that a secretary shall keep a minute book containing a correct record of the proceedings of all board meetings, conduct board correspondence as directed and take charge of and keep all books, papers, accounts and maps committed to his charge by the board during his term of office. He must prepare and transmit to the Department of Education those reports and statements on district or divisional matters required by the Minister and when required to do so by an authorized agent of the Minister should make available for inspection the minute books, records and other papers so requested. These matters, as well as other minor duties associated with elections and meetings are clearly outlined in the Act.

The Duties of a Treasurer. The treasurer of the board of every non-divisional district and of every division is required to receive and record all moneys payable to the district or division and to disburse these moneys in the manner directed by the school board. He is also responsible for the payment of all approved accounts and for the daily

depositing of moneys received by the board office. In this matter of money payment the Act specifies that all cheques must be signed by the treasurer and countersigned by the board chairman or some other designated member. A complete record of all moneys received and disbursed for school purposes, including government grants whether paid directly to the board or not must be kept and all books must be closed and balanced on the thirty-first day of December in each year. The treasurer must produce, when called upon by a trustee, auditor or authorized agent of the Minister, all books, vouchers, tax rolls, papers and money committed to his charge when so requested and he should prepare a statement of the finances of the district or division for submission to the annual meetings of electors and ratepayers. In addition, the treasurer must prepare faithfully and transmit to the Department such reports and statements with reference to the finances of the district or division as may from time to time be required by the Minister and in such form as may be prescribed by the Minister.

IV. THE DUTIES OF THE SUPERINTENDENT

In discussing the varying responsibilities of the Canadian superintendent, Lawless states that "in all systems

the superintendent acts as liaison between local and provincial authorities," and that

> his prime functions are to interpret the educational policy of the central authority to the people of his superintendency, to relate local thinking to the governing bodies at both the local and provincial levels, and to provide educational leadership within his superintendency.[7]

In Alberta, the provincial superintendent, as the representative of the Education Department, is responsible for the operation of the school system in accordance with the acts and regulations pertaining to education in the province.

Historically, the position of the provincial superintendent has evolved from that of an inspector who in the early years of the North West Territories acted as the "eyes and ears" of the Department of Education. He enforced the attendance laws, organized districts, inspected teachers and assisted in the internal operation of the Department. Following the establishment of the Province in 1905, the inspectorial staff was increasingly widened from a staff of six in 1906 to a staff of forty in 1922. Following a rapid decline in 1923, due to economic depression, the number comprising the inspectorial

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[7]D. S. Lawless, "The Varying Responsibilities of the Canadian Superintendent," in R. A. Wallace (ed.), The Superintendent as Educational Leader (Toronto: The Ryerson Press, 1959), p. 10.

staff gradually increased till by 1948 a staff of some sixty-six field personnel was maintained in the Province.[8] A significant factor in this growth of the Department of Education's supervisory staff in the 1930's was the legislation passed in the Provincial Legislature enabling the Department to initiate a policy of forming large administrative units by the merging of smaller school districts. Under this legislation, provision was made for the formation of school divisions by combining up to forty, fifty, sixty or more old rural school districts. Provision was made for town and village districts to join if they wished. The establishment of these school divisions was accompanied by a law which required that a provincial superintendent be attached to each division.

Consequent with the growth of the Department of Education's supervisory staff was a change in the function of the Provincial Superintendent. While the older functions of an inspectorial nature have been retained, the addition of new responsibilities has resulted in a change in emphasis. In discussing the functions of the Provincial Superintendent in Alberta, the Cameron Report states that while the work of

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[8]Province of Alberta, Report of the Royal Commission on Education (Edmonton: L. S. Wall, Queen's Printer, 1959), p. 201.

the superintendent has been too wide to permit accurate generalizations, "two functions have been relatively constant -- to visit classrooms, and to advise or otherwise assist school boards who need their services."[9] The function of classroom visitation has had as its main purpose the improvement in a positive way, of the general standards of classroom instruction. With the growth of this function, that of teacher grading declined to be finally abandoned in 1940.[10]

Because of the varied nature of school administration from one district to another, due in some measure to the factors of size, population and wealth, it would be difficult to generalize regarding the relationship of a provincial superintendent to a school board. In speaking of the relationship of superintendent to school board, W. H. Swift, when deputy-minister of education stated:

> I am of the opinion that, in the main, the superintendent is accepted by the Board and by the secretary-treasurer as the chief administrative officer of the division. I am of the opinion that this has not usually come about because of any legal interpretation of Section 199, but has come about because of a general awareness on the part of all concerned that this is a good arrangement. I

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[9]Alberta Royal Commission on Education, op. cit., p. 202.

[10]Ibid.

> think it would be fair to say that the capacities of the superintendents, the kind of people in the main that they are, have led to their being accepted as having this kind of relationship to the board and its employees. The number of cases in which the superintendent and secretary-treasurer have been unable to reconcile their respective duties as defined in the Act (Sections 191, 192, and 193) has not been large.[11]

The section of the School Act dealing with the duties of the Provincial Superintendent within a division indicates the wide margin of discretion allowed for both superintendent and school board. Section 199 of the Act reads:

> 199. The superintendent shall
>
> (a) confer with the board of the division and advise the board concerning the educational problems and needs of the division.
>
> (b) attend all meetings of the board and exercise, subject to the direction of the board, general supervision over all schools, teachers, property and services under the jurisdiction of the board.
>
> (c) assist the board in the discharge of its duties.
>
> (d) exercise the powers of an inspector of schools with respect to the total area to which he is assigned by the Minister.
>
> (e) confer with and advise the board of any non-divisional district in that area that has not appointed a superintendent con-

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[11] Court Transcript - Judges Summary, p. 17.

> cerning the educational problems and needs of the district.[12]

Superintendents of a District

In addition to the appointment of a provincial superintendent the School Act makes provision for the appointment of superintendents of districts. In contrast to the provincial superintendent, the superintendent of a district is an employee of the school board, works under its direction and receives his salary from board funds. Section 200 of the Alberta School Act sets out the conditions for and under which a board may appoint a superintendent of schools:

> 200. (1) subject to such regulations as the Minister may from time to time establish, the board of a district employing more than forty teachers may appoint a superintendent of schools.
>
> (2) the board shall appoint the superintendent by a motion of the board, which shall set forth the conditions of his employment.
>
> (3) the board may terminate the appointment of a superintendent at any time by a motion of the board but the motion does not take effect until at least thirty days after notice of the passing thereof has been given to the superintendent.
>
> (4) notwithstanding subsection (3), the board may, at any time after the passing of the

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[12] School Act, Section 194, p. 73.

motion terminating the appointment, suspend the superintendent from the performance of his duties.

(5) the board employing a superintendent may prescribe a set of instructions to be followed by the superintendent in the performance of his duties, if the instructions are not contrary to the provisions of this or any other act.

(6) unless it is otherwise directed by the board, the superintendent shall be the chief executive officer of the board and shall, subject to subsection (5), have jurisdiction over all aspects of the business of the board.[13]

V. THE FINANCING OF EDUCATION IN ALBERTA

Any school authority, whether District or Division, in the Province of Alberta, obtains at the present time its major source of revenue from the School Foundation Program Fund. This Fund, which was established by the Minister of Education as provided in Section 304a of the School Act, is comprised of moneys coming from two sources: first there is a levy on the equalized assessment of every municipality within the Province, as this assessment is established yearly by the Alberta Assessment Equalization Board. This money is channeled into the Department of Education and is deposited

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[13] Ibid.

into a special fund. To this fund is added the Legislative Grant for school support purposes.

Money from the School Foundation Program Fund is apportioned to school districts and to school divisions in accordance with the provisions of the School Foundation Program Regulations. Thus every school authority within the province receives money from this Fund in accordance with the number of pupils, number of teachers and qualifications, the transportation of pupils among other criteria of which these are the chief factors.

The second most important of the division's or district's revenues is that which is derived from supplementary requisitions. If the money which a school authority receives from the School Foundation Program Fund and from other miscellaneous revenues, such as that received from the Federal Government for the education of Indian children, or that from the tuition of non-resident children, is not adequate to meet the budget of the school authority, it may make direct requisitions on the one or more municipalities within which it lies.[14] Under the terms of the School Act,

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[14]In the case of the Fort Vermilion School Division, application is made via the Department of Municipal Affairs. The Fort Vermilion area is a local improvement district.

before any school board may submit a supplementary requisition to its municipality or municipalities, it must first submit its budget to the Department of Education and must receive from the Department advice with respect to it. This submission of the budget does not imply an act of approval but rather one of advice. In an informal way, the matter of approval at times may occur in that if a school authority is in a position that it has to have a special grant on which to operate, then it would have to satisfy the Department of Education and the Minister of Education that it did in fact, have what appeared to be from the Department's point of view, a sensible budget before the amount of this special grant would be declared.

The Operation of Deficits

If a school division or district has presented its budget to the Department of Education and has received its 'advice' thereon and if that budget from the Department's point of view is a reasonable and sensible budget, and if, nevertheless a deficit is suffered, then the division may be in the position to apply for a special grant.

In the matter of deficits with respect to the operation of a school division two situations may arise.

With respect to the majority of school authorities in the province, if a deficit is incurred at the end of a year, then the amount of the deficit is carried forward as part of the next year's budget. In this case the division or district must recover the budget by applying for a larger supplementary requisition or by some other means endeavour to balance its finances. In a few districts or divisions, however, deficits may be taken care of by special grants. Even in such cases, however, the deficit would have to be carried forward to the next year, into the budget. This is not to imply that the Department of Education automatically takes care of a deficit in any particular case. In the determination of need for a special grant, however, the presence of a deficit and the amount of the deficit would be significant factors in whether or not it should be granted. The Minister, before making a special grant out of the funds provided him by the legislature must satisfy himself that the situation is one of special need.

Special Grants

Provision is made by law that the Minister of Education, having taken account of all attendant circumstances, may out of the funds that are available to him from the legislature,

make payments of special grants to any school district or school division in the Province of Alberta, if it is certified to him that such school district or school division is found to be in such financial difficulty that it is necessary to have a special grant so that it may be enabled to carry on its normal operations. Such special grants are only made in exceptional circumstances and at such time as the school board finds itself through no fault of its own in difficult circumstances.

VI. NEW BUILDING CONSTRUCTION

When a school division wishes to construct new buildings, it must first determine -- usually in consultation with a qualified architect -- the type of building that it needs and an estimate of the total cost. Once these decisions have been made, the board then puts its needs into the form of a proposal which is placed before a body known as the School Buildings Board, a body which is constituted under the School Buildings Act[15] on which the Departments of the Treasury, Public Works and Education are represented. If, after examination of the school board's proposal, the School

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[15]School Act, Ch. 81, 1962.

Building's Board is satisfied that a justifiable need exists, then it gives what is termed as a "recognition of need". This recognition of need is an indication of the extent to which the School Foundation Program Fund will support the building program. This is determined normally in terms of square feet approval and in 1964 the amount allowable had a maximum cost of fourteen dollars per square foot.

Having obtained a recognition of need from the School Buildings Board, the school board then must pass a by-law to enable it to borrow necessary money. After advertising its intention to borrow, the school board must seek the approval of the Local Authorities Board which determines the extent of the borrowing. Once the intention to borrow has been advertised, proprietary electors, should they wish to do so, have the right to demand that a vote of all electors within the division be taken on the matter. Assuming, however, that all of these matters have been complied with, the board, by debenture may borrow the necessary monies to finance its building program. Up to a certain limit, to the extent that construction has been approved by the School Buildings Board, the School Foundation Program Fund services the debenture. To the extent that the building project exceeds that which is approved by the School Buildings Board, it becomes a direct

charge upon the rate-payers of the division and is not supported through the Foundation Program Fund. Provision must be made for the repayment of this in the division's annual budget.

In the financing of school buildings, the School Buildings Board does not pass any judgement upon the total amount of money that the board may borrow by debenture. The determination of the amount of money that may be borrowed by debenture is the prerogative of the Local Authorities Board. The School Buildings Board reserves its decision only as to how much of the building program is to be supported through the School Foundation Program Fund. The amount paid per square foot to the cost of building erection is subject to review, but in 1963-64 was limited to the amount of fourteen dollars per approved square foot.

The Foundation Program Fund is not the only available source of revenue to school boards. Provision is made in the School Act for a school board to borrow by way of current loan to meet any immediate requirements and pending the receipt of revenues from the School Foundation Program Fund and other sources. Such borrowing is subject to the prior approval of the Minister of Education and will be granted only under limited circumstances. In addition to these sources of

revenue outlined above, however, no other outright grants are made available to school boards for building programs.[16]

In its Sixtieth Annual Report, the Department of Education in Alberta published the following check list of procedures to be followed by school boards in their building program. Figure VI is a diagrammatical representation of the steps necessary to be carried out with respect to school building operation.

School Buildings Procedures. A check list of procedures:

(1) After local planning has been completed proceed as follows: step by step.

(2) Submit the statement of Buildings Needs supported by Board resolution, to the School Buildings Board, and obtain recognition of need.

(3) Obtain Ministerial approval of new site, or addition to the existing site, except in the case of city or town school districts. At this time a board would be well advised to consult its architect in regard to the suitability of a proposed site from the standpoint of soil tests,

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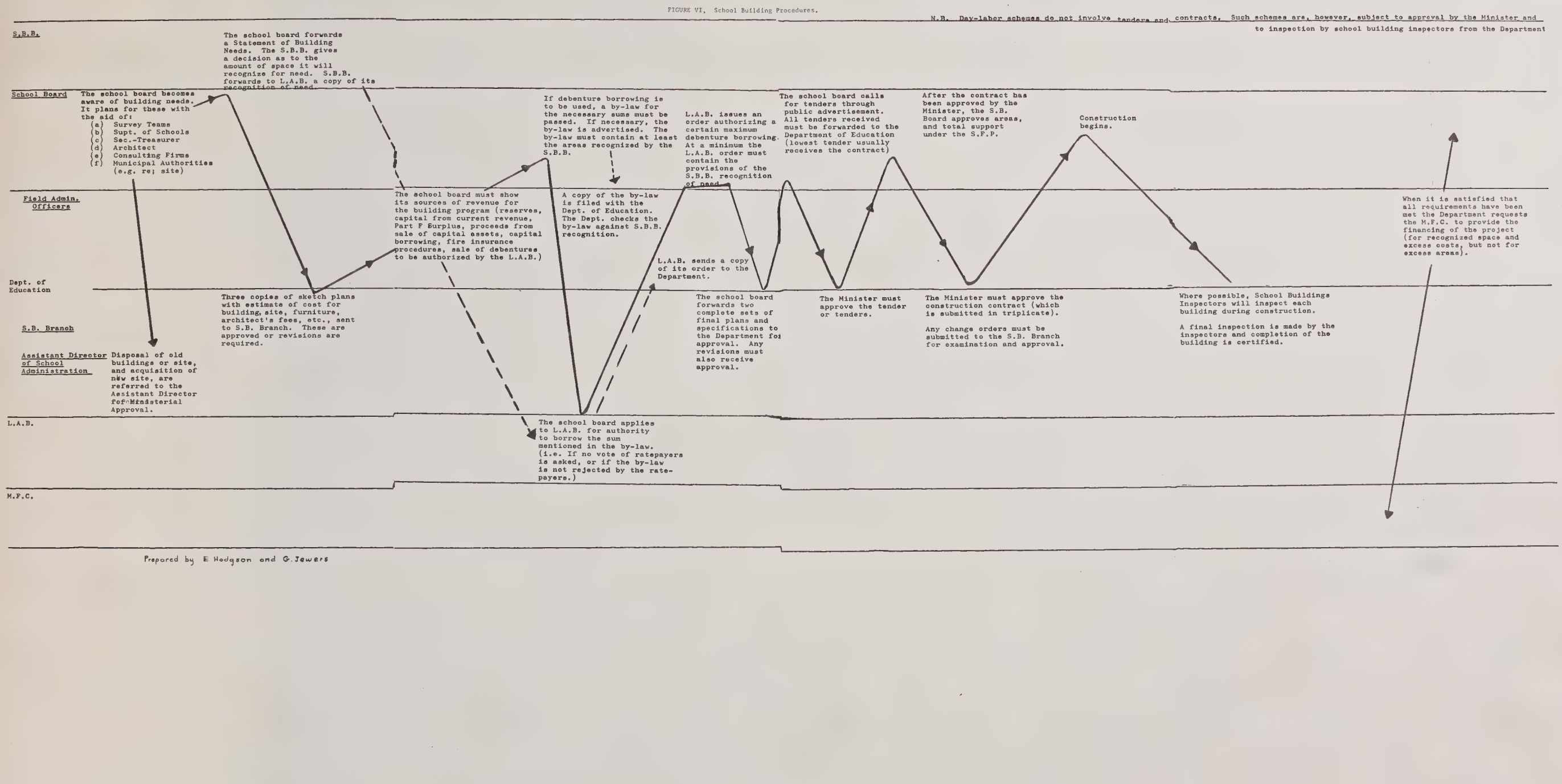
[16]Some grants are made available by the Federal Government through its various departments for children regarded as a federal responsibility.

FIGURE VI

SCHOOL BUILDING PROCEDURES



Prepared by E. Hodgson and G. Jewers

topography and service connections.

(4) Commission an architect, and enter into a formal contract for complete architectural and engineering services including supervision of construction.

(5) Obtain a kit of materials from the Local Authorities Board.

(6) Provide the architect with specific requirements, and extent of each area, and instruct him to prepare sketch plans for the approval of the school board.

(7) When sketch plans have been approved by the school board, obtain the architect's estimate of the cost of the building and professional fees.

(8) Determine the estimated cost of acquisition of land, furniture, and equipment, landscaping services, etc.

(9) Submit final sketch plans to Department of Education for approval.

(10) Obtain forms from the School Buildings Board and submit detailed requirements in regard to furniture, equipment and landscaping.

(11) Pass a by-law to borrow by way of debenture in accordance with the School Act.

(12) Forward two copies of the by-law, along with two copies of forms 1315-235 and 1315-235A (Source and application of funds) to the Department of Education.

(13) Forward necessary materials and information to the Local Authorities Board.

(14) Obtain application forms from the Municipal Financing Corporation.

(15) Have final plans and specifications prepared by your architect, and approved by the School Board. Submit these to the Department of Education for approval.

(16) After Departmental approval is received advertise for tenders.

(17) Submit to the Department of Education tender or tenders received with request for Ministerial approval.

(18) Prepare contract agreement, obtain performance and maintenance bond, and submit to Department of Education for Ministerial approval.

(19) Start construction after the contract has received Ministerial approval.

(20) Obtain final official acceptance of the building.

(21) Obtain maintenance inspection prior to expiration of the contractor's maintenance guarantee.

The Municipal Financing Corporation

Once The School Buildings Board has approved of any building project by giving its recognition of need, and the Board has completed by-law requirements with the Local Authorities Board, it must then make application to the Municipal Financing Corporation for the money that it wishes to borrow. The preparation of debentures in this regard is carried out by the Department of Education in the Board's behalf and these are then sent back to the Board for signing. Once these have been signed they are then returned to the Municipal Financing Corporation which makes the money available to the School Board.

When in due course debenture coupons become due year after year, the School Board pays the debenture coupon out of whatever funds it has, and then sends this in to the Department of Education to make a claim upon the School Foundation Program. Once the administrative accountant in the Department of Education and his officers have satisfied themselves that the debenture has been approved by the School

Buildings Board, the School Board is reimbursed out of the School Foundation Program Fund, up to the amount specified.[17]

[17] In 1964, fourteen dollars per square foot.

CHAPTER VI

THE EVENTS OF THE CASE

I. THE FORT VERMILION AREA

The administrative centre of the Fort Vermilion School Division No. 52 is located in the settlement of Fort Vermilion which is three hundred and fifty air miles or five hundred and sixty road miles north of the City of Edmonton, Alberta. The settlement is located on the south bank of the Peace River, about forty miles east and eight miles south of the town of High Level which is on the MacKenzie Highway.

Much of the countryside is covered by bluffs of poplar, willow and evergreen trees and the area is watered by numerous streams and rivers, the largest of which is the Peace. The settlement was first settled in 1871 when a trader, named Boyer, set up a post for trading with Indians and trappers in the region. Fort Vermilion is unincorporated and lies within an improvement district, No. 147, which is administered and serviced by various departments of the Alberta Provincial Government. The settlement is the hub of the surrounding area which extends from the Wood Buffalo Park

to just west of the Ponton River, and from the Caribou Mountains south to the Buffalo Head Hills. The Peace River which flows to the north and the east, through this area, was in early times the only means of transportation to and from the settlement. Today, the traveller entering Fort Vermilion must cross the Peace on ferries in the summer and on an ice bridge in the winter. In the spring, when the ice on the river is breaking up, the only means of reaching the town is by means of light aircraft.

The Hamlet of La Crete

The Hamlet of La Crete is situated twenty-six miles to the south of Fort Vermilion and is in the centre of a large Mennonite farming area. Services available in this hamlet include a post office, two general stores, a farm supplies store, three bulk oil stations and a small public library. The hamlet has a large school providing education from grades one to eleven. The school population has grown considerably in recent years due to the large number of homesteaders who have been moving to the area.

The Town of High Level

The town of High Level is situated at the junction of the Fort Smith and the MacKenzie Highways and is a town that

has expanded rapidly in the past few years due to oil exploration in the Rainbow and Zama Lake areas, for which it is a major service centre. In the period from 1963 to 1967, the school population of this town has increased from thirty to nearly three hundred pupils. It is anticipated that by 1970 the present population of fifteen hundred and fifty persons will have grown to over three thousand.

The Population of the Area

According to the 1961 Dominion Census, the population of the Fort Vermilion area showed a total of three hundred ninety-five people living in the area north of the Peace River and two thousand five hundred ninety-five living in the area south of the Peace. In addition to these people there were seven hundred fifty treaty Indians living in the area north of the Peace River and six hundred fifty living to the south of this river. The total population of the Fort Vermilion area, therefore, was approximately four thousand three hundred ninety. The population has been increasing rapidly in recent years and an increase in school enrolments in the area south of the Peace River, excluding treaty Indians, from a total of five hundred and ninety-one in 1961 to eight hundred and ninety-eight in 1966, indicates that there has

been a substantial increase in population. Oil development in the region of High Level has given this town the character of a "boom-town" and in recent years the population has increased considerably in the area.

The area south of the settlement of Fort Vermilion is settled mainly by Mennonite farmers. In the Fort Vermilion area itself, which in 1961 had a population of one thousand three hundred fifty-eight, there are a number of Metis and Indians as well as white residents. The Rocky Lane area, which in 1961 had a population of two hundred fifty-five, is settled mainly by Ukrainian farmers but on nearby reserves some Indians farm the land.[1]

Land Use and Development

Agriculture and oil exploration constitute the major occupations of the area, although some people are engaged in timber milling and trapping.

Agriculture. North of the Peace River there are approximately 590,000 acres of potentially arable land, while in the south of the Peace there are 1,070,000 acres with a total of 1,660,000 acres in the area being considered.

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[1]Figures VII and VIII indicate the positions of these settlements.

FIGURE 7

LOCATION OF FORT VERMILION

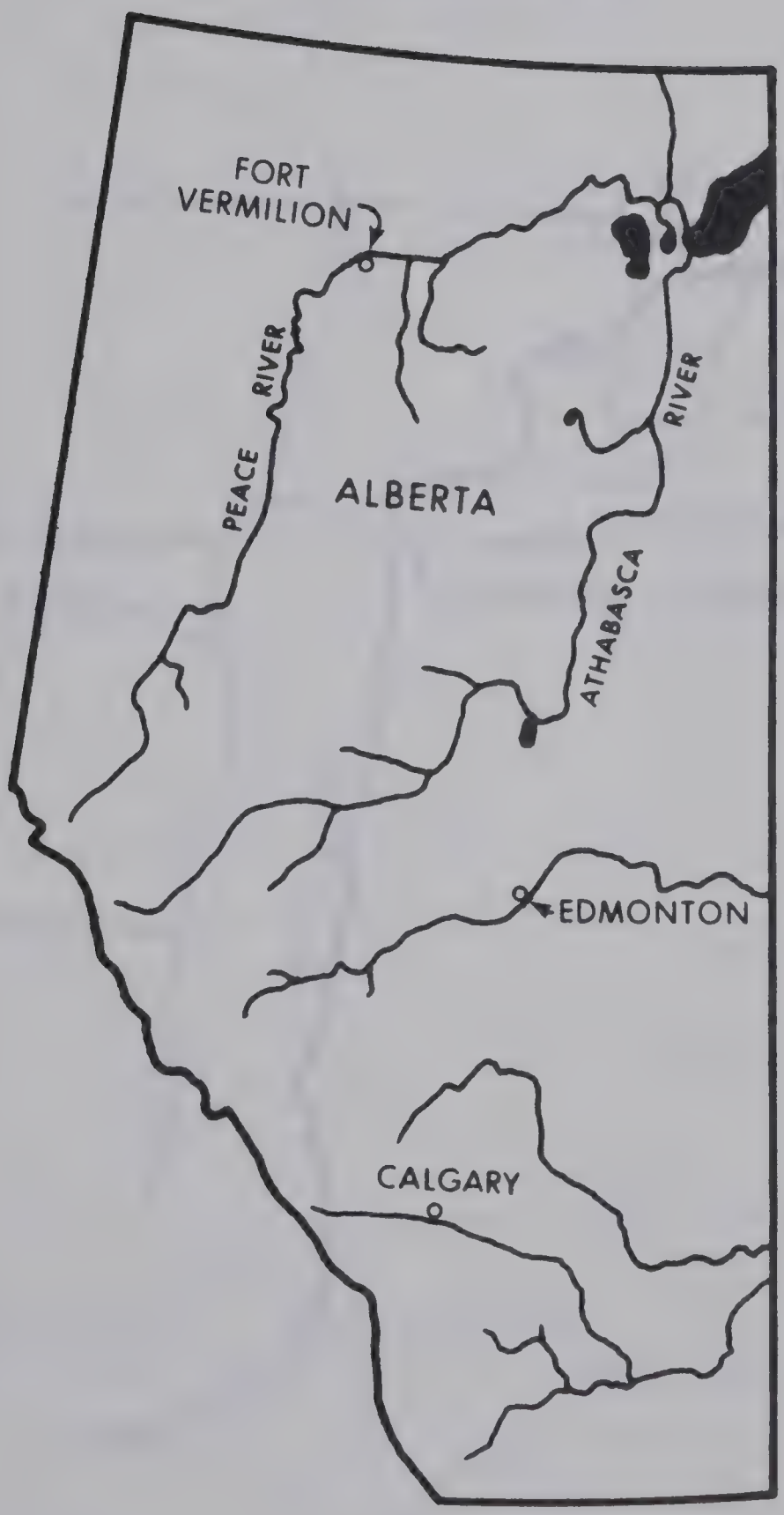
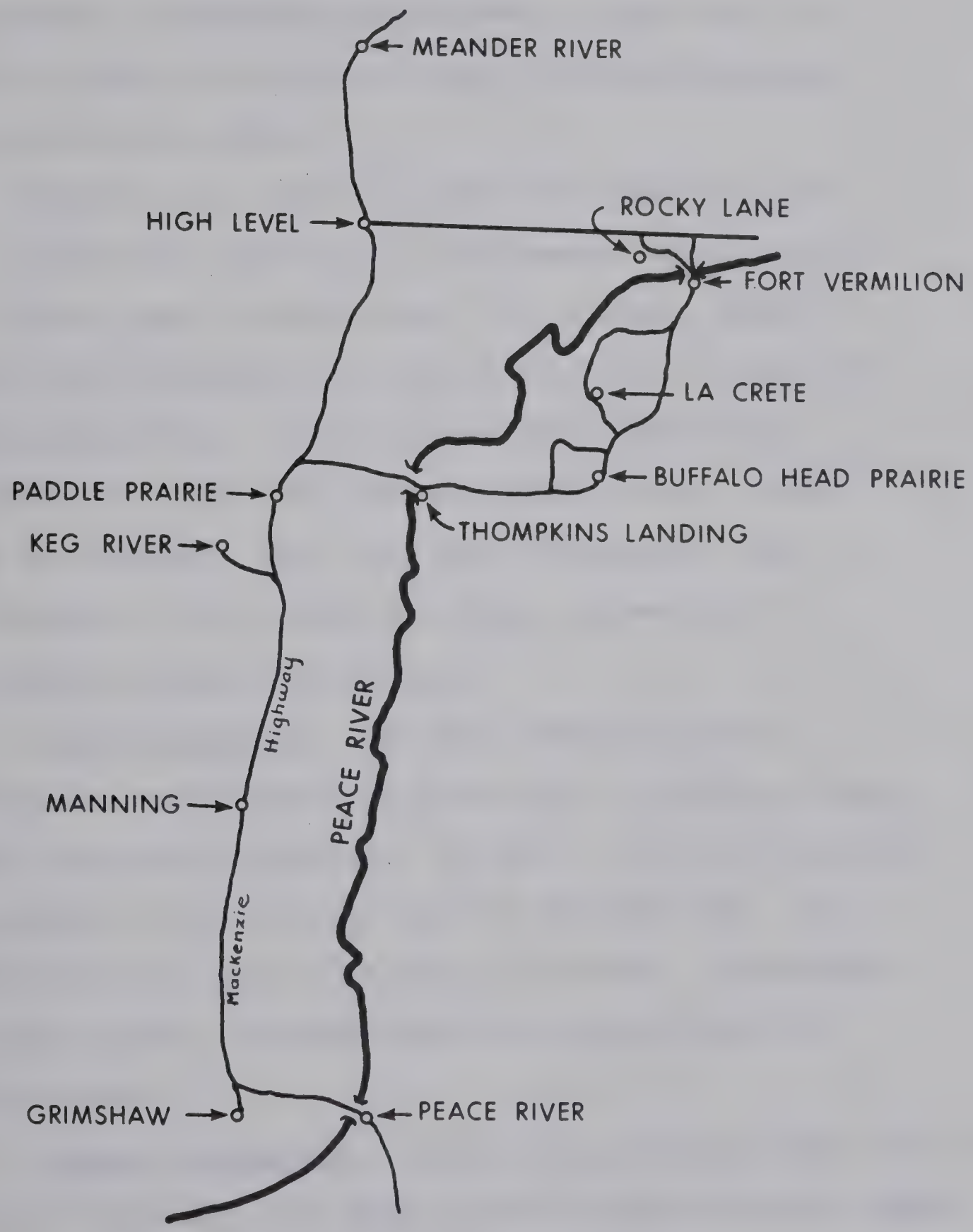
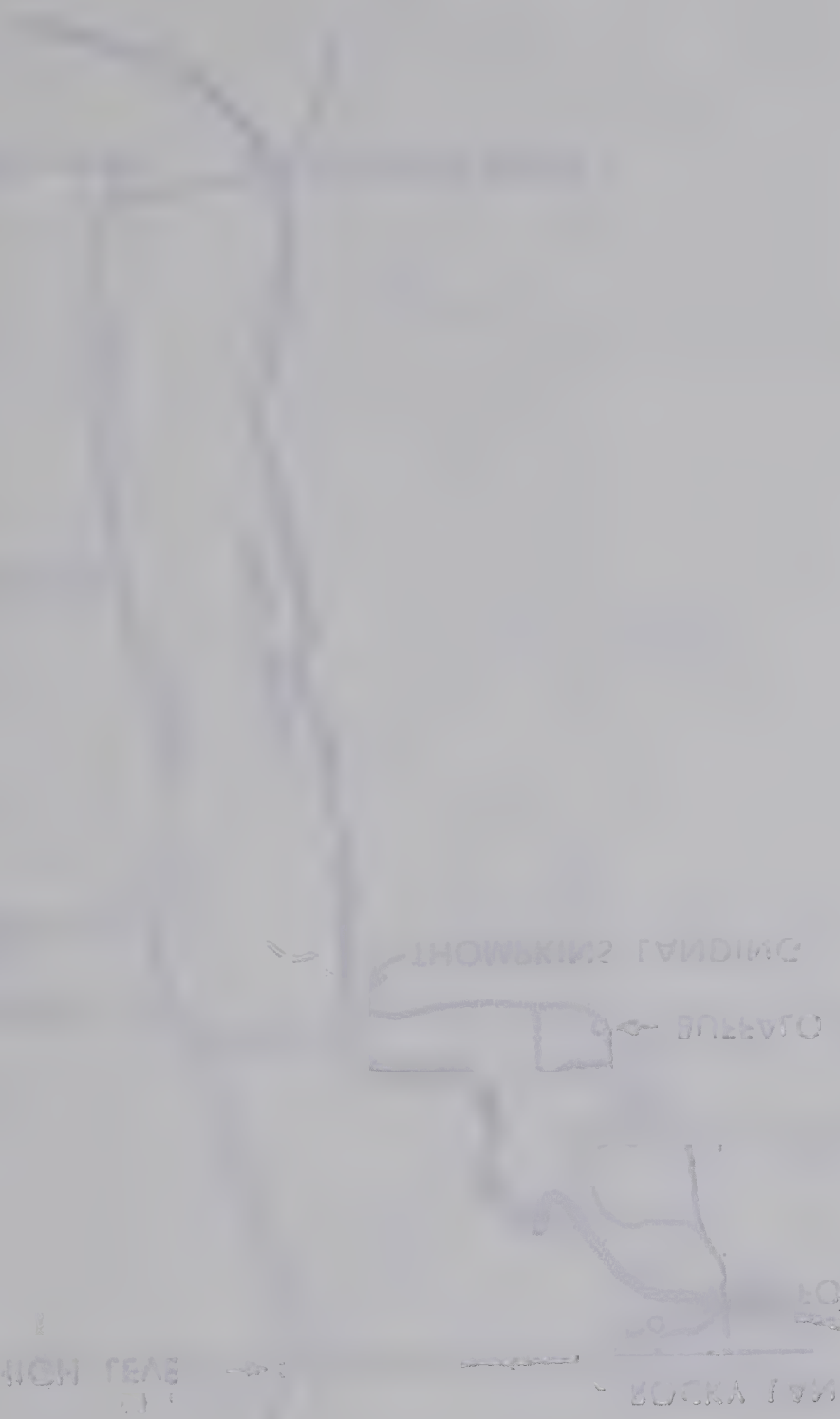


FIGURE 8

THE NORTH PEACE COUNTRY





Farming is the major industry in terms of numbers of people employed and about 80,000 acres are now under cultivation. The major crops grown in the area are cereal grains but of recent years livestock raising has become more common.

Because of a lack of roads and communication, only a very small portion of the immense area of available arable land is being used. At present, three hundred and eighteen farms account for the 80,000 acres under cultivation. Table I shows the agricultural production for the year 1966 for these farms. These farms at December, 1966 also had a livestock count of 3,100 cattle, 3,400 hogs, 150 sheep, as well as a substantial number of poultry.[2]

Oil Exploration. The Fort Vermilion area constitutes one of the most promising oil bearing areas in the Province of Alberta. In 1965, one of the largest discoveries in Alberta was made at Rainbow Lake, and another at Zama Lake was a major discovery. Throughout the whole area a vigorous search for more fields is being pursued.

Forest Production. In the Fort Vermilion area and in adjacent territory, are huge tracts of merchantable timber.

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[2]These figures taken from Peace River Bridge Brief prepared by the Fort Vermilion Area Board of Trade, 1967.

TABLE I

AGRICULTURAL PRODUCTION FOR FORT VERMILION AREA FOR THE YEAR 1966*

Crop	Production
Wheat	219,000 Bushels
Oats	116,000 Bushels
Barley	82,000 Bushels
Flax	15,000 Bushels
Rapeseed	56,000 Bushels
Forage Seed	100,000 Bushels

* These figures obtained from "Peace River Bridge Brief" prepared by Fort Vermilion Area Board of Trade, 1967.

Some of the largest stands of marketable timber in the Province are located in the area. At present, there are five sawmills in operation. Two of the largest, one at Thompkins Landing and one about fifteen miles east of Fort Vermilion, are operating on timber leases south of the Peace River.

Trapping. Fur trapping is a declining industry in the Province but approximately one hundred and ten trap lines are still being operated in the Fort Vermilion area.

II. THE FORT VERMILION DIVISION

In 1964, the five subdivisions of the Fort Vermilion

School Division contained a total of twenty school districts. Eight of these districts lay north of the Peace River in an area drained by the Bushe River, a tributary of the Peace, and the remaining twelve were situated south of the Peace, in the drainage basin of that river. Figure IX indicates the distribution of districts within the Division.[3]

The Formation and Growth of the Division

The Fort Vermilion School Division No. 52 was formed during October, 1944 by the amalgamation of the Lawrence Point School District No. 3176, the Boyer River School District, No. 4200, Lambert Point School District, No. 4268, Stoney Point School District, No. 4287, the Fort Vermilion School District and the Ponton School District, No. 4696.

As constituted, the Division contained three subdivisions. Subdivision One contained the Boyer River and Ponton School Districts, Subdivision Two contained the Fort Vermilion and Lambert Point Districts, and in Subdivision Three were the Lawrence Point and Stoney Point Districts.

Between 1944 and 1958 the Division grew considerably in size by the addition of eleven school districts. In

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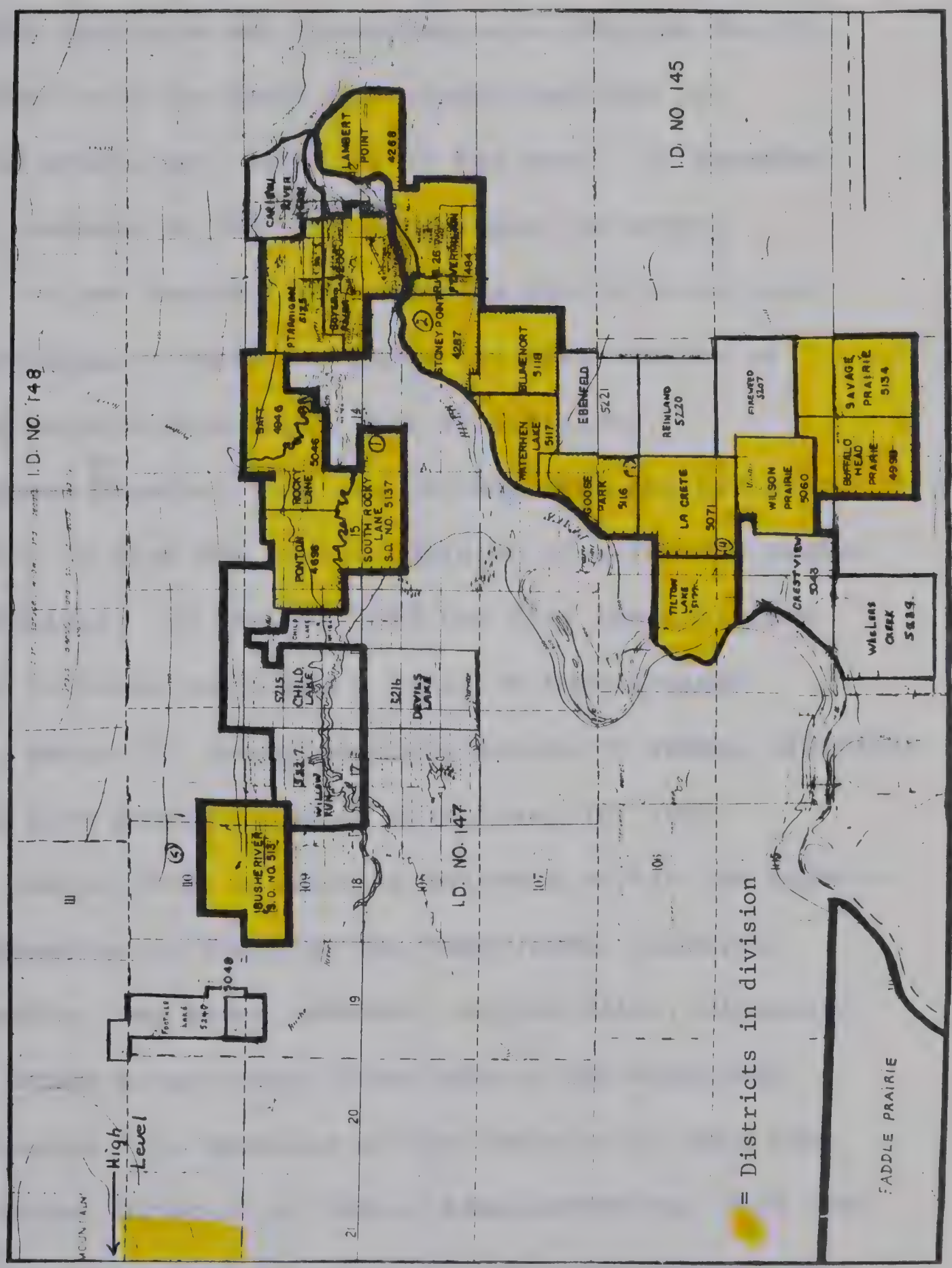
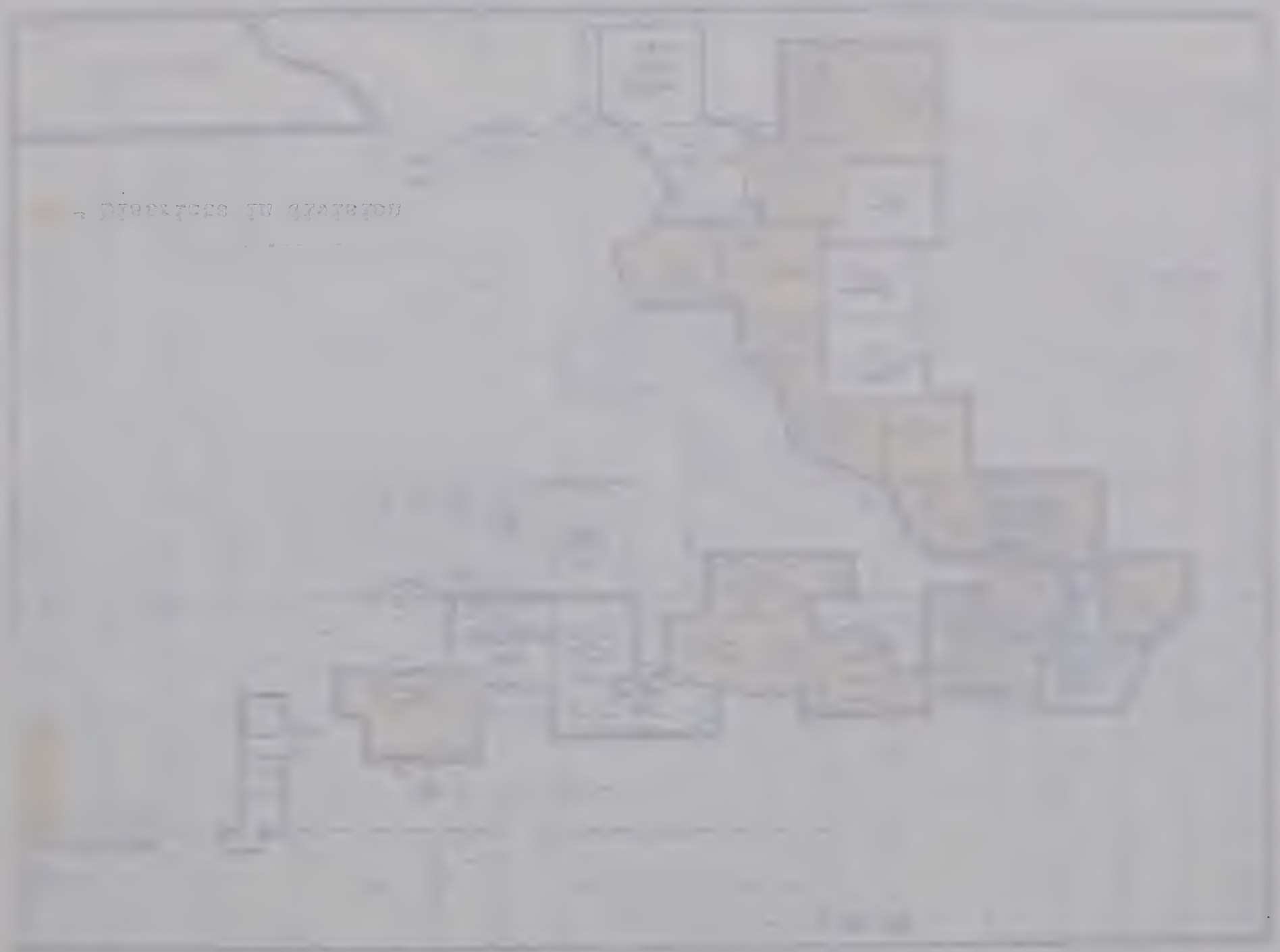
[3]This map also includes districts added since 1964 and some districts attached to Northland School Division.

FIGURE IX

DISTRIBUTION OF SCHOOL DISTRICTS IN THE DIVISION





April, 1958, the Lawrence Point School District, one of the six original districts was dissolved as a district due to the fact that only two families, containing only two children of school age, remained in the area. On December 5th, 1958, because of the increased number of school districts, it was decided to reorganize the Division into four subdivisions. Table II shows the distribution of school districts within these four subdivisions.

Between December 1958 and October 1962 the Division grew rapidly in size due to the addition of a further twelve school districts. In October 1962 the five sub-divisions within the Division contained a total of twenty-eight districts. Table III shows the distribution of school districts within the five subdivisions as of October 30, 1962.

In March, 1963, a decision was made within the Department of Education to transfer the Kemp Creek, Carcajou, Paddle Prairie, Keg River, Meander, Naylor Hills, Blackbird Creek and Steen River School Districts to the Northland School Division. In speaking of the Division at this time J. W. Chalmers, Director of School Administration, said that it "lurched from crisis to crisis."[4] He suggested two main

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[4]Memo from J. W. Chalmers, to Hon. A. O. Aalborg, Minister of Education, February 1, 1963. Contained in the files of the Department of Education, Edmonton, Alberta.

TABLE II

DISTRIBUTION OF DISTRICTS WITHIN SUBDIVISIONS AS OF DECEMBER, 1958

Subdivision 1	Subdivision 2	Subdivision 3	Subdivision 4
Ponton	Lambert Point	Mustus Lake	Meander Point
Rocky Lane	Fort Vermilion	Wilson Prairie	High Level
Batt	Stoney Point	La Crete	Keg River
Boyer River		Buffalo Head Prairie	Naylor Hills
			Kemp River

TABLE III

DISTRIBUTION OF DISTRICTS WITHIN SUBDIVISIONS AS OF OCTOBER 30, 1962

Subdivision 1	Subdivision 2	Subdivision 3	Subdivision 4
Boyer	Fort Vermilion	Buffalo Head Prairie	Carcajou
Ponton	Lambert Point	La Crete	Keg River
Rocky Lane	Stoney Point	Wilson Prairie	Paddle Prairie
Batt	Bluemenort	Mustus Lake	Meander Lake
South Rocky Lane		Goose Lake	Naylor Hills
Ptarmigan		Waterhen Lake	High Level
		Savage Prairie	Kemp Creek
		Tilton Lake	Blackbird Creek
			Steen River
			Bushe River

reasons for the transfer of these districts to Northland. In the first place, most of the children attending these schools in these districts were of Indian ancestry, and because of this, the Northland School Division would be better equipped to handle the educational needs of these children. Secondly, he suggested that the removal of these districts

> would mean that Fort Vermilion School Division would be much more compact, as it would consist of only those districts immediately north and south of Fort Vermilion, which districts included most of the white population of the school division.[5]

The possibility of including the Fort Vermilion Division as part of the Peace River Inspectorate was also suggested at this time. The Fort Vermilion area had one time been part of this Inspectorate, but in these days, before the building of the MacKenzie Highway, access to Fort Vermilion had been possible only by boat on the Peace River, by air, or by means of over three hundred miles of travel by car on an unimproved track. With the completion of the MacKenzie Highway and the development of an all-weather road between High Level and Fort Vermilion, access to the Division

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[5] Ibid.

was facilitated and the installation of a ferry at Thompkins Landing, near La Crete, brought schools south of Fort Vermilion sixty to ninety miles closer by road to Peace River than heretofore. This possibility, however, although suggested, was never acted upon as the Department of Education considered that because of the isolated nature of the Division it required the full time services of a superintendent.

Before implementing its decision to transfer the eight districts to the Northland School Division, the Department of Education through its superintendent in the Division, T. Giles, sought the views of the trustees in this matter. After lengthy discussions of an informal nature with the Trustees, Superintendent Giles reported to the Department that they would have no objection to the eight districts being removed. With the apparent agreement of the trustees, therefore, the eight districts were transferred to the Northland School Division as of July 1st, 1963.

The districts that were transferred were largely Metis districts, including Paddle Prairie Metis colony, and consequently these had a special interest for the Northland Division. Indeed, had the Northland Division been in existence earlier, it is doubtful whether these districts would have been

included in the Fort Vermilion Division. This transfer of the eight districts, however, came as something of a surprise to the Trustees of the Division as they had assumed that their discussions with Superintendent Giles had been only of an investigatory nature and that they would have been consulted before any further action would be taken. In response to their criticisms of the action of the Government in this matter, the Minister of Education, in a letter to the Chairman of the Board, outlined the following reasons for the transfer of these districts:

> (1) The new organization will make the Fort Vermilion Division more compact and more easily and economically administered. This fact seems especially important in view of the numerous recent changes in school board personnel, in incumbents of the position of secretary-treasurer, and in impending change in the superintendency.
>
> (2) It will also remove certain districts from the Division, especially Paddle Prairie, which consist of undeeded land, that are a financial drain on the rest of the Fort Vermilion Division.
>
> (3) Since Northland School Division has a well-developed vocational program especially designed for children of native ancestry, it will be easier for Northland to provide further education for the type of children who attend the schools in the transferred area.[6]

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[6]Letter of April 19, 1963, from Hon. A.O.Aalborg, Minister of Education to Mr. J. A. Newman of Fort Vermilion, contained in files of the Department of Education, Edmonton, Alberta.

The transfer of these eight districts had the effect of virtually wiping out subdivision four, leaving only the Bushe River and High Level school districts. The Board of Trustees, therefore, requested the Department of Education to reorganize the Division but to retain five subdivisions as it was their opinion that five trustees would tend to make the administration of the Division more effective. After consideration of the Board's proposals, the Department, on April 23rd, 1963, reorganized the Division in accordance with these proposals. Table V illustrates the composition of these five new subdivisions.

Superintendents of the Division

It was not until August 1956 that a full time resident superintendent was appointed to the Fort Vermilion Division. In the period between 1944 and 1956 the Division was served by the superintendent of schools attached to the Peace River No. 10 Division.

The first superintendent, H. B. Wilson, occupied the dual role of superintendent of Peace River and of Fort Vermilion between 1944 and 1948 and he was followed by S. Hooper, who occupied the position until 1956. Both of these men lived in Peace River and handled the Fort Vermilion

TABLE IV

DISTRIBUTION OF DISTRICTS WITHIN SUBDIVISIONS AS OF APRIL 23rd, 1963

Subdivision 1	Subdivision 2	Subdivision 3	Subdivision 4	Subdivision 5
Boyer	Lambert Point	Mustus Lake	Buffalo Head Prairie	High Level
Batt	Stoney Point	Goose Park	La Crete	Bushe River
Ponton	Fort Vermilion	Waterhen Lake	Wilson Prairie	
Rocky Lane	Bluemenort	Tilton Lake	Savage Prairie	
South Rocky Lane				
Ptarmigan				

affairs from this centre. In these years, before the development of the MacKenzie Highway, these superintendents travelled to the Division by boat up the Peace River, by air, or by car over many miles of rough road. The fact that they were located such a long distance from the Division and that travel. to the Division was uncertain during many months of the year, meant that the schools of the Fort Vermilion Division received inadequate supervision and that the School Board did not have the full-time professional advice and assistance that it required in its formative years.

After August 1956, however, a resident superintendent was appointed to the Division. A. Jardine occupied this position from September 1956 until August 1959 when he was succeeded by T. E. Giles. Superintendent Giles remained in the Division until August 1963 and at one time acted as secretary-treasurer for the Division when no suitable person for the position could be found. E. R. Daniels was appointed as superintendent of the Division in August 1963 and it was he who was to be appointed the first Official Trustee of the Division on November 20, 1964.

The Division's Finances

Because of its small population, the Division always

had to rely heavily upon grants from the Central Government to finance its operations. Table V lists the grants and requisitions for the Division in the years between 1948 and 1960. The figures in this table illustrate this Division's reliance upon government grants in its formative years. It will be noticed that in most years, special grants contributed a great deal towards the operating costs of this Division.

In its formative years the Division was constantly faced with the problem of financing capital expenditures. In order to be able to build schools and teacherages it was continually forced to rely upon special grants from the central Government. H. E. Balfour, Director of School Administration, emphasized this difficulty in a memorandum of June 10th, 1949, to the Hon. Ivan Casey, Minister of Education, in connection with special grants:

> This Division can barely finance its operating costs but definitely cannot meet the urgent capital expenditures without this assistance...[7]

This problem of financing new school construction was a perennial one and in a memorandum of May 29th, 1951 to the Deputy Minister of Education, A. B. Wetter, the Assistant

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[7]Memorandum from H. E. Balfour to Hon. Ivan Casey, Minister of Education, June 11th, 1949. In Volume 40:19 of files of Department of Education, Edmonton, Alberta.

TABLE V

GRANTS AND REQUISITIONS FOR THE FORT VERMILION DIVISION FOR THE PERIOD 1948 TO 1960*

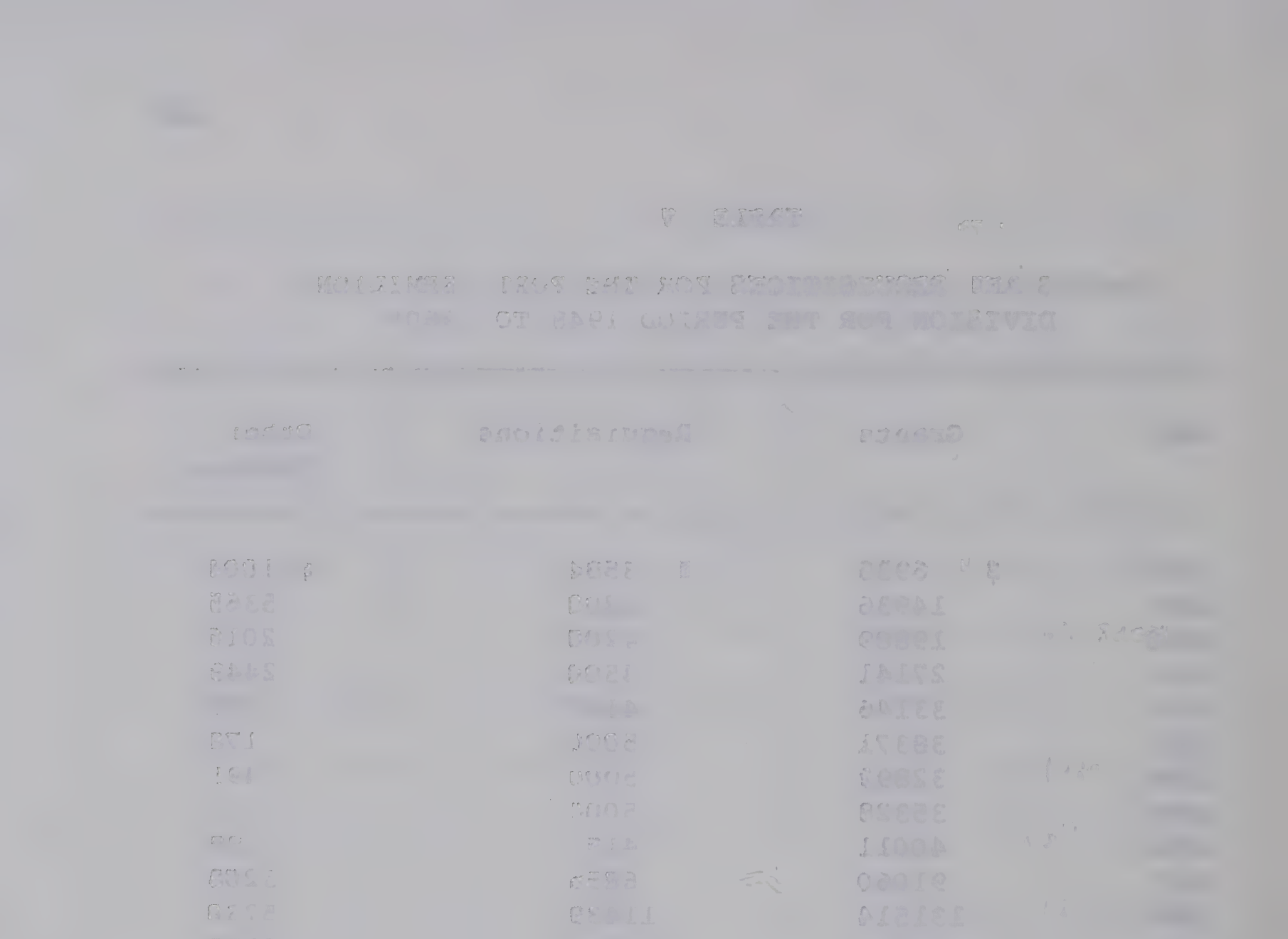
Year	Grants	Requisitions	Other Revenue
1948	$ 6935	$ 3584	$ 1004
1949	14936	4200	5365
1950	19889	4200	2016
1951	27141	4500	2449
1952	33146	4500	787
1953	38371	5000	178
1954	32892	5000	495
1955	35328	5000	---
1956	40011	4157	499
1957	91060	6856	3208
1958	131514	11439	5730
1959	134150	11743	6133
1960	136553	13069	8767

* These figures obtained from files of Department of Education, Edmonton, Alberta.

Director of the Division of School Administration, outlined the financial problems that the Division was having:

> This division has again requested a special grant for building purposes. This matter has been carefully discussed with Mr. Balfour and Mr. Hooper, superintendent of the Division. This division is unable to issue debentures or to borrow any money because the assessment is under $200,000.00. Any capital projects undertaken must be by special grants ...[8]

[8]Memorandum from A. B. Wetter to Dr. Swift, Deputy Minister of Education, May 29th, 1951, Ibid.



With the beginning of the School Foundation Program in 1961 increased revenues were obtained from this source. Table VI represents a breakdown of revenues covering operational costs for the Division for the period from 1960 to 1964. In 1961, payments from the School Foundation Program Fund to the Division amounted to $263,860.70 and this amount represented 83.75 per cent of operating costs. The School Foundation Program requisition of thirty-two mills for the Division in this year amounted to only $12,138.30 and supplementary requisitions to only $3,163.55. The Division also required $22,025.25 in the way of special grants from the Department of Education to finance its operation in this year. In effect, over ninety per cent of the operating costs of the Division were obtained from the School Foundation Program and from special grants.

This pattern of financing was evident in all years from 1960 to 1964. In 1964 the payments received by the Division from the School Foundation Program Fund had risen to $309,324.05 and grants from the Department of Education had risen to $108,770.97. In this year the Division operated with a deficit of $65,405.80. Had this deficit been picked up by way of special grants, the Department of Education's contribution would have been over ninety per cent of total

TABLE VI

BREAKDOWN OF REVENUES COVERING OPERATIONAL COSTS FOR THE FORT VERMILION DIVISION FROM 1961 TO 1964***

Year	S.F.P. Fund*	Special Grants	S.F.P. Requisition**	Supplementary Requisition	Other Sources	Deficit	Total
1961	$ 263,860.70	22,025.24	12,138.30	3,163.55	12,614.57	27,548.99	341,351.35
1962	295,616.62	33,383.87	16,368.38	3,200.00	20,036.02	--	368,604.89
1963	276,115.24	54,529.61	22,109.44	5,891.59	24,711.24	19,339.52	402,696.64
1964	309,324.05	108,770.97	15,660.95	5,662.67	10,911.80	65,405.80	515,736.24

* -- S.F.P. Requisition excluded.
** -- 32 Mills (until 1964 which was 26 mills).
*** -- These figures were obtained from the files of the Department of Education, Edmonton, Alberta, and were originally prepared for the Judicial Inquiry held at Fort Vermilion School between July 19th and August 4th, 1965.

operating costs.

Staffing Problems in the Division

Because of its isolated nature and its constant financial problems, the Division had problems in recruiting suitable staff in its early years of operation. Well trained teachers were not willing to go to an area that had poor teaching facilities and which was almost three hundred miles from the nearest large town with adequate shopping facilities, and which had to be reached over unimproved roads. Teacherages were few and of poor condition and this deterred many from applying for teaching positions in the Division. In speaking of one teacher in the Division, H. E. Balfour stated:

> ... Superintendent Hooper states that it is only because of a strong missionary instinct that this teacher has taught at this school ...[9]

Without adequate teacherages the Division found it almost impossible to recruit teachers of a high calibre. They were not willing to live in substandard houses, without electricity and disposal facilities and which were often inadequately warmed by wood burning furnaces in the winter.

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[9]Memorandum from H. E. Balfour to Hon. Ivan Casey, Minister of Education, July 7th, 1952. File Volume 40:19, Department of Education, Edmonton, Alberta.

These same problems applied to competent office staff for the Divisional Office. The Trustees often tried, with little success, to recruit local people to the position of secretary-treasurer. Well trained and well qualified people were not prepared to go to an isolated division such as Fort Vermilion when positions were available in the more populous southern areas of the Province. The problem of recruiting a satisfactory secretary-treasurer was so acute that in the early part of 1962, Superintendent Giles was forced to take on the duties of secretary-treasurer in addition to his other duties as superintendent. In a letter of February 21st, 1963 to the Chief Superintendent of Schools, Superintendent Giles commented:

> Secretary-treasurers in this division will always be inexperienced and probably change quite frequently ...[10]

The Department of Education was well aware of the difficulties facing this Division as regards the recruitment of adequate office staff. In a report to the Minister of Education of February 1, 1963, J. W. Chalmers, Director of School Administration advised that:

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[10]Letter from T. E. Giles to Dr. T. C. Byrne, Chief Superintendent, February 21, 1963, from files of the Department of Education, Edmonton, Alberta.

> In 1962 three different secretaries were appointed, and I am informed that the present incumbent is not satisfactory and will probably be leaving soon ...[11]

III. THE 1964 SCHOOL BOARD

In 1964, the Board of the Fort Vermilion School Division was composed of five members representing each of the five subdivisions within the Division.

R. A. Backstrom, the chairman of the Board was elected to membership of the Board in June of 1963, and in the September following, upon the resignation of the previous chairman, Mr. Stephen, was elected to this position. Mr. Backstrom was a farmer in the High Level District where he had farmed for a period of seven years before his election to the Board. Previous to farming he had been employed in the capacity of bus driver for Canadian Coachways. He had a grade eight education and prior to his election to the Fort Vermilion School Division Board had had experience neither in school affairs nor in public office.

The Vice Chairman of the Board was J. J. Dreidger, a farmer from La Crete. He was elected to the Board in

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[11]Letter from J. W. Chalmers to Minister of Education, February 1, 1963. Ibid.

February, 1963. He possessed a grade seven elementary education and as in the case of the chairman, had, prior to his election, never served on a school board or in any other public office.

S. Froese was a farmer in the Fort Vermilion District and was elected to the Board in February, 1963. He possessed a grade eight elementary education and also had no previous experience either in school or municipal affairs.

The only lady on the Board was Olive H. R. Lambert who was elected to the Board in March of 1952. She had a grade nine education and had commenced grade ten by correspondence but had not finished this course. She lacked any previous experience in school or municipal office.

L. R. Northey was a veteran of the Second World War during which he had served as a member of the Royal Canadian Air Force. He was self-employed and held a commercial pilot's license. He operated a charter air service out of Fort Vermilion. He attended his first Board meeting in February of 1964 and as in the case of the other Trustees had had no previous experience in either municipal or school affairs. This member was the most academically qualified of all of the Trustees in that he was a senior matriculant with four years in the College of Optometry in Toronto.

The Secretary-Treasurer

Clifford Dunn was employed in the position of Secretary-Treasurer for the School Division on August 2nd, 1962. Previous to his employment with this Division, he had been employed as an assistant to the Secretary-Treasurer of the County of Mountain View, No. 17, where his duties involved school accounting and purchasing. He had held this position for a period of nine months and previous to this had been employed in the capacity of bookkeeper by the Alberta Association of Municipal Districts.

Upon his being employed by the Fort Vermilion Division, the Secretary-Treasurer was paid moving expenses of four hundred dollars by the Division on the undertaking that he would remain in the Division's employ for a minimum period of three years.

IV. THE BEGINNINGS OF THE PROBLEM

The provincially-appointed superintendent of schools in Alberta, as the representative of the Provincial Government, exercises regulatory and supervisory functions. He must oversee all aspects of local administration and instruction to ensure that the appropriate Provincial laws and regulations are being implemented; he must inspect and evaluate the

instructional work of teachers and schools and report on their effectiveness to the school board and the Minister of Education, and he should offer professional advice to teachers, principals, board members and board officials in an endeavour to improve the overall quality of education being offered in the area under his charge. Should the superintendent, in the course of his duties, observe any deficiencies in the operation of the schools, or in the administrative functioning of the divisional office, it is his duty to point these out to the responsible persons and, if required, to offer advice of a remedial nature.

It was in connection with the superintendent's regulatory function that the Department of Education became aware of what appeared to be an unsatisfactory state of affairs in the administration of the Fort Vermilion Divisional Office. In a letter of July 3rd, 1963, to the Fort Vermilion School Board, the superintendent of schools attached to the Division, T. E. Giles, expressed dissatisfaction with what he viewed to be the inefficient manner in which administrative affairs were being carried out in the Divisional Office, and in particular, he outlined deficiencies in the work of the Secretary-Treasurer, Clifford Dunn. Giles pointed out to the Board the following broad areas of concern which, in his

opinion, were in need of correction:

> (1) Each item of work, whether this be payroll, invoicing of distribution of supplies, etc., should be done with a little more care so that the number of mistakes would be kept to a minimum.
>
> (2) Accounts should be checked a little more carefully and care taken for more accuracy of payment.
>
> (3) Several important records have not been kept up to date making it difficult to procure recent information which is often necessary in the discussions, etc., of the services of the Board.
>
> (4) A more accurate and orderly method of distribution of supplies is needed as well as a more dependable method of ensuring that requests receive prompt attention.[12]

Subsequent to this letter to the Board, the superintendent again reported upon his view of the Secretary-Treasurer's shortcomings to the School Trustees. This second report was presented in order to clarify the contents of the letter of July 3rd. The reasons for this report were more fully stated by Giles:

> ... It seems apparent that my report of the work of Mr. C. I. Dunn, Secretary-Treasurer, as submitted to the Board has been misrepresented

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[12]Letter from Superintendent T. E. Giles to Chairman of Fort Vermilion School Board, August 5th, 1963, from files of Department of Education, Edmonton, Alberta.

or misunderstood by Mr. Dunn, even though it was discussed with him before submission ...[13]

In this second letter to the Board, Giles was severely critical of the Secretary-Treasurer's work:

> ... With reference to mistakes made by Mr. Dunn in his work, I was not referring to a few mistakes but to dozens and dozens of mistakes - in cheque writing, in payments, in payrolls, in minutes of board meetings, etc. Also I was referring to only those mistakes which were drawn to my attention or which were obvious. These mistakes were not discovered by any systematic checking of Mr. Dunn's work - I certainly have not been attempting to be an auditor.
>
> The Board directed a record of bus driver's licenses be kept - showing especially expiry dates to ensure proper licensing for all drivers. Nearly a year has passed and, even with many reminders, Mr. Dunn has not kept this record. It is apparent he has no intention of doing so.
>
> The Board directed a simple type of cost accounting for teacherage maintenance with the view to attempt to keep expenses within the range of income. This record is a year behind now and, even with many reminders, no attempt has been made to keep this record as requested by the Board. It is apparent he has no intention of doing so.
>
> Some recording is necessary for library and reference book allotments for the schools. This has not been done in an intelligent manner for the last year.
>
> Invoicing to teachers of supplies for resale has been done in a very haphazard manner, when it has been done. Accounting of supplies which are chargeable to teachers (for resale to pupils) has

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[13]Letter from Superintendent T. E. Giles to Chairman of Fort Vermilion School Board, August 5th, 1963, from files of Department of Education, Edmonton, Alberta.

been thoroughly confused.

Even with many reminders, no systematic records have been kept of the sports equipment allotments to schools. There appears to be no intention of doing so.

When items are ordered by Mr. Dunn, no attempts have been made (unless reminded) to ensure the delivery of these items.

Handling of requests from principals, teachers, and others have been handled in a haphazard manner.

Unemployment insurance books have not been kept up to date and books of former employees were usually not sent until there were several requests.

Minutes of board meetings have need improvement (sic). More care should have been exercised to ensure that the intent of motions have not been changed to agree with what Mr. Dunn thinks the motion should have been. There have been several examples of this - for example, in the last minutes Mr. Dunn put into one of the motions that his service has been satisfactory, even though there had not been mention of satisfactory service. Mistakes in minutes have not been corrected.

Billing of teachers for electricity at Rocky Lane had not been done according to the Board's very specific instructions.

Receipts must be given by the Secretary-Treasurer for monies received. Even after several reminders over a period of months, receipts were still not being issued.

Supplies for resale have been requisitioned by the schools twice yearly - December and June. At the end of June three schools still had not received the supplies for resale which were requisitioned in December even though the items were in stock in the Division Office during this time.

School bus cost accounting has been up to six months behind, even though current information on particular busses was needed.

It has been quite difficult, usually, for Mr. Dunn to locate needed information when required. His filing has much to be desired.

I feel that accounts have been inadequately checked and insufficient attention paid to accuracy or promptness of payment.

> Further, I consider it quite unusual for the Secretary-Treasurer to call a special board meeting and to attempt to have this meeting on less than twenty hours notice, and further to call this meeting when the chairman and one other trustee were not available, especially when there was not a great urgency for the meeting. Further, it appears to me that the superintendent of schools was deliberately not notified of this rushed meeting - this was the second time this happened ...[14]

Relationships between Dunn and Giles were quite strained during the period in which they worked together in the Division. Much of the friction between these two men arose in connection with the Superintendent's criticisms of the work of the Secretary-Treasurer. While Dunn felt that some of the criticisms contained in the superintendent's reports were very constructive[15] he considered that, being new to the position of Secretary-Treasurer, he needed time in which to adjust to new office routines. He also felt that he had received little assistance from the Superintendent and that his criticisms with regard to the checking of accounts and the keeping of records were exaggerated.

During July, in an effort to rectify the errors that had been pointed out by the Superintendent and to obtain

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[14] Ibid.

[15] Court Transcript, Volume 9, p. 95.

assistance and advice concerning the performance of his duties, Dunn phoned the Department of Education and requested an inspection of the Divisional Office. He hoped that such a visit would help him to straighten out many of the difficulties which had arisen in the first year in his new position. In response to this request, he was advised that his request for an inspection would be considered in September, and that in due course he would be given some assistance and advice.[16]

These reports of the Superintendent of Schools indicated to the Director of School Administration and to members of the field administrative staff of the Department of Education that all was not well in the Division. The contents of Superintendent Giles' letters indicated to them what could have been confusion, incompetence, or tardiness on the part of the Secretary-Treasurer, but of even more concern was the fact that the complaints, if they were correct seemed to indicate a lack of adequate supervision, on the part of the Board Chairman and the Board Trustees, over the activities of the Secretary-Treasurer, and the administration

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[16]Mr. Backstrom later reported, "I was aware that Mr. Giles and Mr. Dunn did not get along too good in the office." Court Transcript, Volume 7, p. 148.

of the Division. If the criticisms contained in the reports of the Superintendent were correct then the Secretary-Treasurer's haphazard approach to his work could be detrimental to the Division's business affairs, a fact which would hamper effective decision-making by the Board members and the superintendent, and his tardiness in response to requests from principals and teachers could, in the long run, have an adverse effect upon the work of the schools.

The Visit of Mr. Penrice to the Division

The items revealed in the reports of the Superintendent prompted the Director of School Administration to dispatch to the Division Office, one of his field administrative staff to inquire into these complaints and, should they prove to be substantiated, to offer advice and suggestion to the Secretary-Treasurer and to the Chairman and Trustees of the School Board.

Accordingly, in October, R. Penrice, field administrative officer with the Division of School Administration visited the Fort Vermilion Office to investigate its operation and, where possible, to give assistance and advice that would lead to more efficient operation.

Penrice had had wide experience both as a secretary-

treasurer and as a field administrative officer. He had been successively assistant secretary-treasurer of the Municipal District of Sturgeon, No. 90, secretary-treasurer of the Municipal District and later the County of Barrhead, No. 11. He had occupied the position of field administrative officer from August 1961 and in this capacity had had wide experience in the administration of education in the Province.

In his report to the Department of the 7th of November, concerning his visit to the Division, Field Officer Penrice substantiated many of the complaints enumerated by Superintendent Giles. Of particular concern to Penrice was the fact that vouchers which were attached to supporting invoices had not been signed by the Secretary-Treasurer and Chairman and by employees receiving goods and services. Such action as well as evidencing poor business procedure was contrary to Section 191 of the School Act.[17] The matter of insurance and debenture registers was one which also caused him some concern and he suggested that a summary sheet covering all insurances would be of valuable use for Divisional personnel.

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[17] Section 191 of the School Act reads:
191 (1) The chairman of the board shall ... scrutinize all accounts against the district or division and passed by the board, and either sign or initial the accounts before the treasurer pays them ...

Penrice also offered advice concerning the writing of minutes and of Board procedures dealing with these. He pointed out to the Trustees that the minutes indicated that the Division had been purchasing fuel and oil from a Board member who was an agent for an oil company and that this transaction was prohibited under Section 89 of the School Act.[18]

In an endeavour to further assist the Division, Penrice had discussions with Backstrom, the Board Chairman and with the Secretary-Treasurer while they were in Edmonton attending the 1963 Alberta School Trustees' Association Annual Convention. These discussions centered around the contents of his report. Most of the suggestions offered were directed to the Secretary-Treasurer in an endeavour to assist him in the management of the Divisional Office, but advice was also given to the Chairman to assist him in effectively carrying out his duties and to point out the means by which he could ensure that office procedures were of a satisfactory standard.

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[18] Section 89 of the School Act reads:
(1) No trustee of any district or division shall in his own name or in the name of another, alone or jointly with another, enter into any contract in which he has any pecuniary interest with the board or which he is a member ...

The Banff Discussions

In April, 1964, Dr. Ernest Hodgson replaced Dr. Chalmers in the position of Director of School Administration. From 1954 until 1957 he had been superintendent of schools in the Old Strawberry School Division and in the County of Grande Prairie. From 1957 until his appointment as Director he had been an Inspector of High Schools.

On June 11th, 1964, during a short course held for Secretary-Treasurers at the Banff School of Fine Arts,[19] The Director and U. Shogren, senior field administrative officer, with the Division of Administration, had a conversation with Secretary-Treasurer Dunn regarding his duties in the Fort Vermilion Division. This discussion centered around the difficulties that the Secretary-Treasurer was having with the Superintendent and with his administration of the Divisional Office.

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[19]This short course is arranged annually in cooperation with the Alberta School Trustees' Association, The Alberta Secretaries Association, and the Extension Department of the University. In speaking of its purposes. Dr. Swift stated:

> These courses were designed in the first instance for secretary-treasurers and the secretary-treasurers of school districts, school divisions, and now counties attend in large numbers. As the years have gone by more and more school trustees come in addition to the Secretary-Treasurers. Court Transcript, Vol. 6, p. 73.

During this conversation, Shogren asked Dunn, "as tactfully and as diplomatically as possible to rather quit pressing in this Division and to carry on more or less with his duties under the Section of the Act, as accountant ..."[20] He told the Secretary-Treasurer that he should not try to assume the position of chief executive officer of the Division and that he should try to be less aggressive in his dealing with the Superintendent.

The Director was somewhat concerned at the lack of harmony between the Secretary-Treasurer and the Superintendent and during the conversations that took place he expressed the view that the Secretary-Treasurer and the Superintendent "should work together to develop a strong informed board." He advised Dunn that "one of the best ways in which a Secretary-Treasurer could help the Board was by the submission of a financial statement each month."[21]

From his discussions with Dunn, The Director formed the opinion that much of the advice that he and Field Officer Shogren were offering to the Secretary-Treasurer was of little avail. Later when referring to this meeting he expressed the

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[20] Court Transcript, Vol. 11, p. 67.

[21] Ibid., Volume 5, p. 95.

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opinion that:

> ... while Mr. Dunn listened to what Mr. Shogren and I had to say I am not really sure that he heard us. Now perhaps this is paradoxical, but what I am saying is that in the give and take of the conversation I think Mr. Dunn was perhaps a little reluctant to accept this kind of advice ...[22]

Summary

Although the deficiencies that were revealed in the reports of the Superintendent Giles, and which were further substantiated by the visit of Field Officer Penrice to the Division, were matters of concern to the Director of School Administration, they were not of such magnitude as to warrant any further action on the part of Departmental officials. While various school authorities from time to time commit certain errors or are involved in certain irregularities, the number of these for any one school authority is usually few. Such deficiencies were not a common occurrence within divisional offices but when they did occur, advice and assistance of the nature that had been given by Penrice generally would be sufficient to restore the division to a satisfactory level of operation.

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[22] Ibid., p. 10.

Following the Penrice visit, therefore, the Department of Education was content to await the outcome of the remedial measures that it had adopted. In all its dealings with the School Board at this time the Department endeavoured not to be directive. In its decision to send Penrice to the Division and in the discussions that were held in Edmonton and Banff, an emphasis was placed upon help of an advisory nature.

V. THE NEW SUPERINTENDENT

During the period of his employment with the Fort Vermilion School Division, Secretary-Treasurer Dunn was associated with two provincially-appointed superintendents of schools. T. E. Giles was appointed to the position of superintendent of the Division in 1959 and still occupied this position when Dunn was appointed to the position of Secretary-Treasurer on August 2nd, 1962. In 1963 relationships between Dunn and Giles had been strained. In July of 1963 the School Board had requested Giles to prepare an assessment of the work of the Secretary-Treasurer for the purpose of evaluation in connection with tenure and also for the consideration of salary increases. In his report to the Board, which he presented in August of that year, Giles gave

a very adverse opinion of the work of the Secretary-Treasurer.

E. R. Daniels, the new superintendent of education for the Division was appointed to this position by the Department of Education in August of 1963. Previous to his appointment as superintendent of this Division, he had held the position of Assistant Superintendent of the High Prairie School Division and prior to this he had been principal of the High Prairie School. Before coming to Canada in 1957 he had served as a Department Head in a Polytechnical Institute in London, England. Daniels held the degree of Bachelor of Education which he received from the University of Alberta at the Fall Convocation of 1961. He was also working towards the degree of Master of Education for which he attended summer session lectures at the University of Alberta in Edmonton.

Before taking up his appointment in Fort Vermilion School Division, the new superintendent had discussions with Superintendent Giles concerning the affairs of the Division. In the course of these discussions Giles informed Daniels that he had had occasion on which to report adversely upon the Secretary-Treasurer's performance of his duties and made reference to his reports to the Board.

Soon after he arrived in the Division, Superintendent Daniels, in an endeavour to orientate himself to his new

position, discussed with The Secretary-Treasurer the particular tasks for which each would be responsible. In the course of the conversations that took place during their first meeting, reference was made to the reports which the previous superintendent, Giles, had submitted to the Board concerning the inadequacies that he perceived in the work of the Secretary-Treasurer. In an effort to establish good working relationships, however, Daniels expressed the opinion that as they would be working intimately together in School Board affairs, he would prefer that their relationships begin on a fresh basis rather than be influenced by the opinion of another.

Later, when alluding to these conversations, Superintendent Daniels conveyed the following impressions:

> We did not discuss the specific contents of the letter generally what we were concerned with in our discussion was our relative relationships to each other, in terms of the fact that we were to be working intimately together in School Board affairs, and one other reason why the specific contents of the letter were not discussed was that as I explained to Mr. Dunn at the time that I wished to be able to start with him on a fresh basis, and that I was not intending to allow myself to be influenced by either the general or specific contents of the letter ...[23]

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[23] Court Transcript, Volume 5, p. 105.

The Secretary-Treasurer expressed similar sentiments and later when speaking of the discussion that he had had with Daniels at this time stated:

> ... When he did take office some time during August I made it known to Mr. Daniels that Mr. Giles and I did not see quite eye to eye on a number of points, and it was my hope, and as well as Mr. Daniels' at that time, that we could cooperate and work as a team. This is necessary in order to operate a Division ...[24]

In their discussions regarding respective functions, both agreed that Dunn was to be responsible for that part of the administration that by and large falls within the duties outlined for the Secretary-Treasurer in the School Act, which included financial and operative administration, and accounting for the Division. Daniels' prime responsibility was to be with the schools, themselves, with instructional staff and curricula and also to act as educational advisor to the Board in these matters.

During the course of the year 1964, however, Superintendent Daniels became more and more aware of what he considered to be deficiencies in the work of the Secretary-Treasurer and was perturbed at the lack of effective direction

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[24] Ibid., Volume 9, p. 99.

and supervision on the part of the Trustees of the Board over the affairs of the Division. In taking up the position of superintendent for the Division, he was fully aware of the difficulties between the previous superintendent and the Secretary-Treasurer, but in an endeavour to establish good working relationships with the Secretary-Treasurer he "studiously avoided allowing himself to be influenced by Giles' viewpoint and gave Dunn as much scope as possible in order to carry out his tasks to the best of his ability."[25]

Conflict soon arose between Dunn and Daniels over the question of who was to be the chief executive officer of the Division. This question of the position of chief executive officer for the Division had been raised during the time in which Giles had been superintendent of the Division. During 1963, when Dunn was having problems with Giles regarding Divisional duties, he contacted the Department of Education and requested their decision in the matter. In response to this request, the Assistant Director of the Division of Administration, informed him that the Board could delegate to its officers whichever duties it so desired but that generally

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[25] Court Transcript, Volume 6, p. 105.

most boards followed the directions contained within the School Act pertaining to the duties of superintendents and secretary-treasurers. Later, when speaking of this advice, Dunn commented:

> I realized that the School Act quite clearly outlines the duties of the secretary-treasurer and the superintendent of schools. However, I think its quite normal that the Board also prepare what they consider those other responsibilities which those officers or those employees should have ...[26]

Aware of the conflict regarding the allocation of duties, the Trustees directed the Secretary-Treasurer and the Superintendent to collaborate in preparing lists of duties which could be submitted to them for their consideration and approval. The Secretary-Treasurer had previously obtained from the Department of Education and from the Grande Prairie City School District, lists outlining the duties of the Superintendent and Secretary-Treasurer and these were used as a basis upon which to draft lists for the Fort Vermilion Division. Despite these measures, conflict soon arose again over the question of who was to be chief executive officer.

Some conflict also arose between Daniels and Dunn in connection with the wording of a minute of the June Board

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[26] Ibid., Volume 9, p. 162.

meeting over a proposed salary increase for the Secretary-Treasurer. This minute read:

> Secretary-Treasurer's salary. A brief discussion ensued on the Secretary-Treasurer's salary and length of service to the Board. After considerable discussion, and a review of the secretary-treasurer's past services, and in view of the satisfactory services given to the Board over the last two years, it was decided that the Board consider increasing the Secretary-Treasurer's salary to $6,300 per annum and a $300 per annum of living allowance.[27]

Superintendent Daniels objected to the Board that the words "satisfactory services" had not been included in the motion providing for the salary increase.

At this meeting, however, Trustee Northey, who had proposed the motion, explained that although he may not have referred specifically to the phrase "satisfactory duties," he had nevertheless implied this and as such the motion contained his intent.

Daniels was prepared to argue this point and endeavoured to point out to the Trustees the basis on which he felt that the Secretary Treasurer was not giving the Board as satisfactory service as perhaps he should and he began by referring to a number of points that had been referred to in Superintendent

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[27] Court Transcript, Volume 6, p. 114.

Giles' report to the Board, which in his opinion, were still evident in the work of the Secretary-Treasurer. The Trustees, however, were not prepared to accept the criticisms of Superintendent Giles and when later referring to the reply that the Trustees gave, Daniels stated:

> It was then that I was told that Mr. Giles had been a trouble maker and that it would be well if I did not allow myself to be influenced by any previous judgment that Mr. Giles had made or presented to the Board.[28]

Superintendent Daniels' Report

As time progressed, Daniels became increasingly aware of what he viewed to be Dunn's failure to carry out essential parts of his duties. In a letter to The Director of School Administration, he outlined what he considered to be the main deficiencies in the work of the Secretary-Treasurer and in particular stressed the deterioration that had occurred between his and the Secretary-Treasurer's offices:

> ... to be more specific, the areas of major laxity and concern are the following:
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> (a) failure to comply with, or ignoring of, Departmental requests for information, forms, even after reminders ...

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[28] Ibid., Volume 6, p. 117.

(b) extreme tardiness in final preparation of this year's budget forms. The budget was given revised approval on June 23rd. Only by using the whole of Saturday, July 18th for typing up, did the budget finally get to the Department for approval. I might add that I truly believe that, had it not been for the appointment we had with you on July 21st, it would not have been submitted even then.

(c) failure to carry out the Board's instructions, again even after reminders. The latest example of this is that on June 23rd, the Board approved the school opening date as August 31st, 1964. As of date, Mr. Dunn after further prompting still has not written for the Minister's approval.

(d) failure to adequately inform the trustees of the current financial position of the Board. Mr. Penrice made this specific suggestion last year; despite reminders this has been carried out only once (in October), apart from the December report.

(e) failure to ensure the proper licensing, after repeated requests, of a divisional-owned school bus. Mr. Cook of the Highways Traffic Department, had to personally bring this to the attention of the Board before Mr. Dunn complied in this matter.

(f) failure to keep unemployment insurance books up to date. This point was noted with many others by Mr. Giles, and the local postmaster brought this matter to my attention again in June.

(g) failure to present certain accounts to the Board for payment within a reasonable length of time. Details are available if required.

Mr. Dunn presents a passable facade in his position, and is able to do certain routine tasks, and go through some procedures adequately. The points that I have raised may not have the significance that I have attached to them, but the cumulative effect of these and many more, are such that in my opinion, the efficient operation of the

> Division and the efforts of myself and the Board to substantially improve relationships with the teaching staff, are being seriously impaired and hampered ...[29]

Dr. Hodgson, who had joined the Division of School Administration only in April of 1964 was not fully conversant with the events that had occurred during 1963 in connection with Superintendent Giles criticisms of the work of the Secretary-Treasurer. Hence when he received the report from Superintendent Daniels he was not unduly concerned about its contents as letters or telephone calls of this nature considering the number of school boards in the Province were not unusual in the course of his duties. Before he was willing to take any further action in the matter, he wished to carry out further investigations to correctly establish the nature of the situation that existed within the Division. As the letter that he had received from Superintendent Daniels was marked confidential, he withheld its contents from the field administrative officers within his division until such time as he could gain more information by the visit of one of these officers to the Fort Vermilion Divisional Office. When

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[29]Letter from Superintendent Daniels to Dr. Hodgson, August 20th, 1964, Department of Education files, Edmonton, Alberta.

speaking of his actions at this time The Director later commented:

> ... in connection with my duties I received from time to time information from various people including superintendents of schools and if this information is sent in confidence then sometimes I release the information to members of the staff, in some cases I merely ask the members of the staff to make a visit to some particular area. This depends upon the circumstances.[30]

Although he was anxious to carry out further investigations into the matters revealed in Superintendent Daniels' letter, he was prevented from doing so because of staff shortages. He therefore sent a brief handwritten note to the Superintendent to inform him that as soon as he was "able to get some staff members who had some time free ... (he) ... would ask them to visit Fort Vermilion." He later confirmed this message in a telephone conversation that he had with Daniels during which he assured him that some field administrative officers would visit the Division as soon as possible. He pointed out, however, that shortage of staff during the summer and heavy commitments during the Fall prevented any immediate action in this regard.

In addition to his report to The Director of School

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[30] Court Transcript, Volume 5, p. 48.

Administration Superintendent Daniels also had conversations with the Board Chairman, on September 1st, concerning the Secretary-Treasurer's performance of his duties. At the Chairman's request, Superintendent Daniels then submitted a report to the Board on September 4th. In this report he brought out the following points:

> (1) Failure to supply yourself and other trustees with current reports on the financial position of the Division - i.e. how much has been spent from what part of the budget, how much remains, etc. This was strongly recommended by Mr. Penrice last year.
>
> (2) Constant protracted tardiness in dealing with Board, Department of Education, and other Departmental business. This involves not sending letters, or requested reports, within a reasonable length of time. Some specific examples are:
>
> (a) request for establishment of Child Lake School District, passed at Board meeting of June 23rd, not forwarded to Department of Education until September 2nd.
>
> (b) the budget was re-approved at that meeting of June 23rd; all day spent typing up necessary documents on Saturday, July 18th, in order to get it in to the Department.
>
> (c) August 31st opening date was approved at the June 23rd meeting; after several reminders, a last minute phone call for Ministerial approval was made on Friday, August 28th.
>
> (d) correspondence, re school building projects undertaken by W. C. C and South Bend Structures, requested by the Minister of Education in early June, not forwarded until September 2nd.

(e) many boarding/conveyance allowance cheques for June still not paid at end of August.

(f) bills not presented for payment up to and beyond 90 days after delivery of goods.

(g) unemployment insurance books not kept up-to-date. Accumulated cheques, covering period end of January to July, were presented to local post-master on August 4th.

(h) statement of needs for School Building Board, suggested at July 21st meeting, not completed, despite urgings and requests, until September 2nd.

Many other items could be added to this list.

(3) Despite reading of Code of Ethics at June meeting, no real effort has been made, as promised, to keep trustees supplied with minutes and other information prior to meetings, or to adequately give notice of meetings, etc.

(4) A conflict between Divisional duties and a private business venture has arisen of late. Both construction projects have been supervised by the same man, and disputes have arisen over the priority of use of equipment on both projects. At any time, but primarily at present, this seems a highly undesirable conflict of interest.

(5) The Department of National Revenue informs me that Mr. Dunn has recently settled a personal income tax dispute for 1962 by authorizing transfer of current Divisional Tax Deduction funds. This may be a legitimate transaction, but it would seem to be a matter of concern.[31]

The superintendent's allusion to a "conflict between divisional duties and a private business venture," made

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[31]Letter from E. R. Daniels to Mr. R. Backstrom, September 4th, 1964, contained in files of Department of Education, Edmonton, Alberta.

reference to the construction of a coin-laundry in the Fort Vermilion Township by the Secretary-Treasurer. In the initial stages of the building of this coin-laundry, Dunn had employed Holtzer Constructions, a subcontracting firm from Rosen Constructions of Edmonton, to pour concrete footings. This firm was constructing teacherages in the Division at this time. The use of this construction crew led to rumours in the District that the Division was in some way connected in the construction of the coin-laundry venture. In speaking of these rumours, the Secretary-Treasurer later explained:

> ... when I became aware that there were rumours going around that the School Division was building my coin laundry ... I realized I made a mistake ... so I then hired a contractor from Peace River, Aurora Construction ...[32]

Superintendent Daniels' criticisms of the coin-laundry venture also arose in part from a dispute concerning the use of a cement mixer which belonged to Rosen Constructions. During the pouring of the footings for the coin-laundry, the cement mixer, which was on the coin-laundry site, was taken by Kinsey, the maintenance supervisor for the Division, who claimed that he had purchased the mixer from Rosen Constructions. Kinsey wished to use the mixer to pour cement sidewalks for the

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[32] Court Transcript, Volume 10, p. 31.

Division at La Crete.

On being informed that Kinsey had taken the mixer, the Secretary-Treasurer rang Rosen Construction who informed him that they had never sold the cement mixer to Kinsey. Dunn, therefore, requested the return of the cement mixer, with which request Kinsey complied.

In addition to his coin-laundry venture, Secretary-Treasurer Dunn had also been engaged in the purchase and resale of Indian artifacts. The Superintendent, therefore, was most concerned that the Secretary-Treasurer was devoting his time and energy to private business ventures and yet offered as an excuse for the shortcomings in the administration of the Divisional Office the fact that he was overburdened with Divisional duties. This was of further concern in that the Trustees had recently hired an accountant to assist the Secretary-Treasurer because of what appeared to be an excessively heavy burden of office and field work. When later referring to the Secretary-Treasurer's outside interests and their effects upon the work of the Divisional Office, Superintendent Daniels stated:

> ... his request for additional assistance in the office had been in order to help him repair the serious backlog of Divisional business that had occurred, and he was in fact now spending more time

> away from the office on his own projects than he was, I won't say he was spending on the Divisional affairs, but nevertheless he was spending a large amount of time away from the office on his own projects, when he should have been making, I would think, extra efforts to catch up on both the work that he had neglected to do and the aspects of the work which we had heard that he was so involved in, which was the maintenance project.[33]

The Special Board Meeting

Following the receipt of Superintendent Daniels' letter of September 4th concerning deficiencies in the work of the Secretary-Treasurer, the members of the School Board held a special meeting in the Divisional Office at which they reviewed the superintendent's allegations with the Secretary-Treasurer.

Early in 1964, the Board had received from Western Construction Consultants an estimate for maintenance work in the Division. This estimate had been for $98,000.00 and was considered to be excessive by the Trustees, in view of the fact that many of the buildings were less than five years old. This issue of maintenance, therefore, was the matter of most concern to the Trustees during the first few months of 1964. When speaking of this matter of maintenance, Trustee Northey

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[33] Court Transcript, Volume 6, p. 157.

stated:

> ... we felt that this was most important, because my personal feeling was that due to poor previous construction methods, and lack of control, that we were faced with ninety-eight thousand dollars which was unnecessary, and this is about the amount that we would have to apply to the Department for a special grant, and through no fault of Board's (sic) I feel that they were victimized ...[34]

Trustee Northey was particularly anxious to discover where the responsibility lay for the extremely shoddy work that had been carried out in the Division. In speaking of the repairs that were needed for the Fort Vermilion School he stated:

> ... I (went) to past trustees to find out why this came about. The basement is cracked, thirteen thousand dollars to repair it, and I know if it was my house I would feel that the contractor should be held responsible.[35]

It was because of their great concern with the maintenance program for the Division that the Trustees had decided earlier in the year that the Secretary-Treasurer's functions should be widened to allow him to devote more time to public relations and to provide a general oversight and coordination

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[34] Court Transcript, Volume 8, p. 29.

[35] Ibid., p. 30.

to the repair and maintenance activities of the Division.[36]

Later when recalling these added duties the Secretary-Treasurer stated:

> ... the Board was very concerned about the maintenance in the Division, I think they had just made an inspection of the buildings and equipment prior to this time, or was it shortly after, but anyway, they were aware that there was a problem in the maintenance field, and we were concerned, myself, I was concerned about stock control, which past efforts by our maintenance staff, or directions from our Board to the maintenance staff, or through the Secretary-Treasurer, or whoever it should come through, was not too successful.[37]

These added duties, however, prevented the Secretary-Treasurer from devoting his full attention to his office work.

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[36]The particular duties given to the Secretary-Treasurer were outlined in the Minutes of the Meeting of the School Board for May 20-27th as follows:

> A discussion ensued on the duties of the Secretary-Treasurer and it was the general feeling that more of his time should be devoted to public relations and investigating matters which would assist the Board in making decisions.
>
> At present the majority of the Secretary's time is being given to bookkeeping, issuing supplies and those routine duties which an office clerk could carry out under his supervision, thus allowing the Secretary-Treasurer to devote more time to the more important tasks at hand and keeping the Board informed on the various cost factors which are essential in order to operate at a reasonable cost and still maintain a high standard of service.

[37]Court Transcript, Volume 9, pp. 103-104.

He therefore, approached the Board with a request that they hire an assistant. Dunn set out the reasons for his request as follows:

> I pointed out to the members that if they expected me to carry out these functions in the proper manner that I would have to devote a fair amount of time to start with, and in order to prepare my time for these, maintenance and bussing, in order to do this I would require an assistant.[38]

In response to his appeal for assistance with his office work, therefore, the Trustees hired F. de Kleine, an accountant, to assist the Secretary-Treasurer.

By hiring an assistant to the Secretary-Treasurer and by involving the Secretary-Treasurer in the field work of the Division, the Trustees hoped that they would be able to gain more detailed information on Divisional affairs which would allow them to make more effective decisions. At the meeting which was held to discuss Superintendent Daniels' criticisms, therefore, the Trustees, while realizing that the allegations contained in the report were correct, and indeed Dunn admitted to them, were inclined to agree that possibly the explanation for the inadequacies was due in some measure to the added

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[38] Ibid., p. 173. Mr. de Kleine was hired on July 13th, 1964.

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tasks that they had given to the Secretary-Treasurer in connection with the building and maintenance programs. Trustee Northey's opinion, perhaps, sums up the views of the other Trustees at this time:

> ... although we at that time knew that the administration left a lot to be desired, we felt that additional duties that had been imposed on the Secretary, due to the thought of the Board that our Building Program took priority over details of administration, which could be caught up at a later date.[39]

At this meeting, the Secretary-Treasurer, in response to a demand for an explanation by the Trustees, admitted that many of the aspects of the office administration were in need of correction but he assured the Trustees that with the assistance of Mr. de Kleine, the administration of the Divisional Office could be put on a sound basis by the end of the year. The Trustees were prepared to accept this condition and in speaking of their reaction Trustee Northey stated:

> ... I think they were prepared to accept that condition, but I think the feeling of the meeting was such that they not only were prepared, they expected it .... They expected that it would be, and if it was not, it was implied that we would no longer require his services.[40]

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[39] Court Transcript, Volume 8, p. 34.

[40] Ibid., p. 36.

The School Board Trustees were annoyed to think that their administration could have any grounds upon which to be criticized and they felt that it was the Secretary-Treasurer's duty to ensure that the office administration was brought up to a reasonable standard.

VI. THE BUILDING AND MAINTENANCE PROGRAMS

The Fort Vermilion School Board's handling of matters relating to the 1964 building and maintenance programs and of the tardy manner in which it handled matters dealing with the 1964 budget, illustrate well the deterioration that was occurring in the management of the Division during 1964.

By-laws 7, 8, and 9 of the Fort Vermilion Program

In 1963 the Fort Vermilion School Board's building program had been under the direction and supervision of Western Construction Consultants, and it was upon the advice of this firm and from estimates supplied by it that the Board drew up and passed three by-laws, seven, eight, and nine, related to the 1964 building program. On December 21st, 1963, a by-law, number seven, was passed by the Divisional Board to construct a masonry school at Buffalo Head Prairie to consist of five general classrooms, a combined

library and staff room, washrooms, janitor's storage, water supply and sewage disposal system, furniture and equipment, landscaping and purchase of site, at a cost of $121,192.00. The recognition of need given by the School Buildings Board on March 23rd, 1964, however, was for one science facility, four regular classrooms, a library, an infirmary plus only the non-instructional areas necessary to provide a functional educational unit. It would appear, therefore, that the Division had proceeded to pass this by-law without first obtaining the recognition of need from the School Buildings Board.[41]

By-law eight, also passed by the Board on December 21st, made provision for an addition to the Fort Vermilion School of two general classrooms for elementary grades, plus landscaping, furniture and equipment; for the construction of a three suite teacherage at Fort Vermilion and for the addition

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[41]The School Buildings Board is created by the School Buildings Act and the Board itself is named by Order in Council. It has been the practice of the government to have on the Board one officer of the Department of Education, one officer of the Provincial Treasury, and one officer of the Department of Public Works, together with their alternatives. The function of the School Buildings Board is to determine the extent to which a building program is to be supported financially by the School Foundation Program Fund, and of course pursuant to the Government regulations in this regard. Court Transcript, Volume 6, pp. 78-80.

of three general classrooms for high school grades, plus a library, water supply, sewage system, furniture and equipment. In the case of the Fort Vermilion School, however, the School Buildings Board never approved of a project that included only two classrooms, but approved of a larger addition which included an industrial arts centre.

By-law eight, also provided for the construction of teacherages at High Level and Rocky Lane and for alterations to existing teacherages. However, in the case of the High Level Project, the recognition of need differed from that passed by the by-law. In the case of by-law nine, dealing with the construction of an industrial arts school, the approval given by the School Buildings Board differed significantly from the areas outlined in the by-law.

It was apparent that the three by-laws: seven, eight and nine, were passed before the Division attempted to obtain the approval of the School Buildings' Board. As explained earlier, a necessary condition to enable the Division to obtain debenture funds was that it pass a by-law which contained at least the areas which had been recognized by the School Buildings Board. If the recognition of need and the by-law did not match, then the Division would have been placed in the position of being unable to obtain debenture funds for

part of its building program, and relying upon special grants for much of its operation this would have placed the Division in a serious financial position. Should the Divisional authorities have wished to have built space in addition to that which was recognized by the School Buildings Board, then they would have had to have found the debenture funds themselves and these would have had to be found outside of the regular financing channels.

The Secretary-Treasurer's Visit to the Department of Education Regarding the Building Program

On a visit to the Department of Education on June 15th, Secretary-Treasurer Dunn had discussions with Field Officer Penrice, concerning the 1964 budget for the Division and in particular discussed financial difficulties that the Board anticipated in connection with its 1964 building and maintenance programs. At this meeting, Dunn indicated to Penrice that due to changes in the plans for the schools, he anticipated that the Division would be short of funds to carry out the 1964 building program as outlined in by-laws seven, eight and nine.

On this same day, at the suggestion of Penrice, the Secretary-Treasurer had discussions with the Director of

School Administration, regarding the anticipated difficulties that the Board would have in financing its building program. In the discussions that took place, the Director offered the suggestion, one which he would have given to any other school authority who sought advice concerning a shortage of funds in connection with its building program, that if the Division anticipated a shortage of funds in connection with its by-laws, it should wait until tenders had been received rather than anticipate a difficulty before it arose, and before any evidence was available to indicate a possible shortage of funds.

In a letter to the Secretary-Treasurer of June 23rd, the Director confirmed the advice that he had given to him at this interview of June 15th:

> ... recently you discussed with Mr. Penrice and me the problem of the Fort Vermilion Building by-laws in relation to the sum of money that you thought now necessary for the building projects. I have discussed this matter further with other officers of the Department. We are of the opinion that your board should wait until tenders have been received and then, if additional funds are necessary, the board could proceed with a by-law for funds to complete the projects. We do not think it wise to rescind the present by-laws and to replace them with others ...[42]

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[42]Letter from Dr. Hodgson to C. I. Dunn, June 15th, 1964, from files of the Department of Education, Edmonton, Alberta.

Associated with the financing of new building construction was the question of maintenance to existing buildings. Rather than impede any work regarding the maintenance in the Division, the Director of School Administration, after consultation with Departmental officials, suggested to the Division in a letter of July 6th that the Trustees should proceed with the opening of school tenders but that the Department should be advised immediately as to the nature of these tenders in order that consideration could be given as to what appropriate action should be taken. The Director further suggested that once tenders had been opened, it would be advisable that representatives of the Board, the Secretary-Treasurer, the Superintendent and other Departmental officials should confer as to the most advisable course of action to be taken in order to effect the buildings program for the Division.

The July 21st Meeting

On July 21st, another meeting was held in the Director's office regarding the building and maintenance programs. Present at this meeting were Superintendent Daniels, Secretary-Treasurer Dunn, R. B. Budge, an administrative official with

the Division of School Administration, and J. J. Driedger, a trustee of the Division. The discussions that were held related to several matters, one of the most significant of which was the building program as it was proposed under by-laws seven, eight and nine. A second matter of importance in the discussions related to some of the maintenance work of the Division.[43]

The matter of maintenance was one of some concern to the Director. In March of 1964, South Bend Structures had surveyed the Division and had quoted the sum of $98,448.00 for maintenance work. On review of these estimates, however, the Board had considered them to be excessive and later, on the appointment of Munzel and Associates as architectural advisers to the Division requested this firm to prepare a report on the maintenance needs of the Division. A report was submitted to the Board in June of 1964 and this report too, revealed serious deficiencies in many of the school buildings of the Division which had been built in the period from 1960 to 1963. As a consequence, the Director requested that the Board only carry out urgent repairs until such time

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[43]The Board decided to terminate the services of W.C.C. as they were not qualified to carry out architectural work.

as an investigation into the 1960-63 building program could be carried out.[44]

Other matters of importance discussed at this meeting related to students' accommodation and to the urgency of a need to correct deficiencies in furnace floors in some of the schools of the Division as revealed in an inspection by the Provincial Fire Commissioner's Office. This matter of furnace floors was of particular urgency as furnaces in these schools were resting upon oil-soaked wooden floors and constituted a dangerous fire hazard.

The outcomes of this meeting were summarized in a communication from the Director to the Secretary-Treasurer of July 22nd:

> In connection with the conversation with your delegation in this office I should like to confirm some of our conclusions.[45]

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[44]After his return from a visit to the Division in the early part of 1963, the Minister of Education, Mr. Aalborg, somewhat concerned with the condition of buildings in the Division requested the Director of School Administration to have prepared for him a report on the building programs for the Division for the years between 1960 and 1963. Some work was carried out on this report by Mr. L. Gue, but due to his illness this was never completed.

[45]This statement indicates that the conclusions reached at this meeting were those of all present. In the Judicial Inquiry the following conversation took place between Mr. Irving, counsel for the defense and Dr. Hodgson:

1. Leave your present by-laws 7, 8, and 9 in order that you may get debentures issued for your teacherages.

2. Issue a new by-law for your schools alone according to School Buildings Board recommendations. Please make your estimated cost high enough so that you will have no difficulty in financing the new schools.

3. With respect to maintenance work, do what you ordinarily would have classed as maintenance; for example, painting, repairing existing fences, etc. Do anything else that your board considers in the nature of an emergency. For the rest, please hold until such time as we can complete the investigation of your 1960-63 building program.[46]

The advice to allow existing by-laws to remain was given primarily to allow the Division to get debentures issued for teacherages which were urgently needed. These teacherages had already been tendered for and should by-laws seven, eight and nine, have been rescinded or cancelled, and these matters

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Mr. Irving: ... Now, as I understand it, sir, the words "our conclusions" means the agreed conclusions of the group that met in the office, in your office, is that correct?

Dr. Hodgson: Yes sir.

Mr. Irving: In other words, this wasn't the conclusions of the Department of Education but the conclusions of all persons who were present at the meeting in your office.

[46]Letter from Dr. Hodgson to C. I. Dunn, July 22nd, 1964, in files of the Department of Education, Edmonton, Alberta.

included in a new by-law ten, then the Board would have been faced with the situation of having no money for them should the new by-law be turned down.

Later when speaking of this advice that he had given to the Trustees in connection with by-laws 7, 8, and 9, the Director stated:

> ... We said this (i.e. to leave present by-laws Nos. 7, 8, and 9 in order) because the School Division had tendered for these teacherages ... and if they were to rescind the by-laws, and were to put all of this material concerning teacherages again on a new by-law, which would be number 10, and if the electors were to turn this by-law down then the School Division would not have any money available for these teacherages.[47]

The School Board despite the advice that the Director of School Administration had given to them at the meeting of the 21st of July and despite the confirmation that he had given in his communication of the 22nd, returned to Fort Vermilion and passed at their regular monthly meeting on the 24th of July, a new by-law ten. At this meeting the cost estimates for the building program were reviewed at considerable length and it was decided that due to the isolated nature of the area in general that the Board make their construction

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[47] Court Transcript, Volume 5, p. 23.

estimates at $16.50 per square foot. In deriving the sums needed for construction, therefore, the Board made the assumption that a fixed cost of $16.50 per square foot would be adequate to cover the total costs without regard to the passing of any recognition of need by the School Buildings Board. The Board had, in effect repeated the error which it had made with respect to the procedures that it had adopted with by-laws seven, eight and nine.

The nature of the error that had been made by the School Board was outlined by the Director as follows:

> They had repeated in the summer of 1964 the same general error in procedure as had caused the difficulties about by-laws 7, 8, and 9. That is to say, that the Board passed the by-law first, and then made application to the School Buildings Board, in this case for a change of recognition of need for High Level.[48]

The Public Information Bulletin

In a letter dated August 17th, 1964, S. J. Watson, a ratepayer in the Fort Vermilion School Division, requested clarification by the Department of Education on a Public Information Bulletin that had been issued by the School Division on August 14th, to ratepayers of the Fort Vermilion School Division.

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[48] Court Transcript, Volume 6, p. 29.

This Bulletin was issued in connection with the passing of by-law ten and contained many misleading and inaccurate statements. In its opening paragraph, for instance, the Bulletin read:

> ... As you are also probably aware, the schools advertised in by-laws Nos. 7, 8, and 9 have been delayed by the Department of Education due to the fact that when tenders were received they were $85,000.00 short of the by-law estimates made during December of 1963 ...[49]

This statement was misleading in that the by-laws were "delayed" not because the tender price was too high, but because the Division could not receive the funds, a fact well known by the Secretary-Treasurer. In speaking of this matter the Director of School Administration stated:

> ... Now, Mr. Dunn knew this because this letter was written on August 14th and we had this discussion in my office on or about the 21st of July, and Mr. Dunn in this particular paragraph places the blame for the delay upon the Department of Education in large part, whereas in actual fact the School Division was the author of its own misfortune.[50]

On page two of the Bulletin the Secretary-Treasurer attempted to explain to ratepayers the working of the School

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[49] Public Information Bulletin, Fort Vermilion School Division, August 14th, 1964.

[50] Court Transcript, Volume V, p. 38.

Foundation Program with respect to debt retirement. In this section of the Bulletin he stated:

> ... however, before the Board reaches a stage of asking the ratepayers in the Division to approve a borrowing such as we have during the last year, there are a number of procedures which must be followed and which are required by the School Buildings Board, due to the fact that they pay for all school buildings constructed in the Province of Alberta.[51]

This statement was inaccurate for the School Building Board did not pay for all school buildings constructed in the Province of Alberta. The statement was inaccurate in that the regulations of the School Buildings Board made provision for building but only to the amount of $14.00 per square foot. Any cost in excess of this amount had to be borne by the Division.

The Director of School Administration took exception to the following sections of the Bulletin:

> a) ... the difference is that the Department of Education pays the entire amount of the cost of the buildings approved by the Department and based on the school buildings regulations. Therefore, the schools which you see on by-law 10 are to all intentive (sic) purposes being paid for by the Department of Education or the Province of Alberta. This is done by reimbursing the Division for the amount of debt retirement each year until the entire loan, principal plus

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[51] Public Information Bulletin, op. cit.

interest has been paid.

> b) ... if the taxes in this area should be increased within the next year or two as they have been in the past, it will not be due to the fact that this School Division has built any new buildings or has increased its budget to offer a higher quality of education for the students in this area, but it will be mainly due to the increase in cost of education throughout the Province of Alberta and the construction of schools in other parts of the Province.[52]

The first of these statements was entirely misleading for it was impossible to state that the schools covered by by-law ten would be paid for by the Department of Education. At this time, the Secretary-Treasurer had no idea about tenders that might be received and in addition he was aware that the Board had actually budgeted for $16.50 a square foot for buildings contained in the by-law, an amount which was $2.50 in excess of the amount allowable under the School Foundation Program. In referring to this, the Director commented:

> ... in effect ... Mr. Dunn attempted to say to the ratepayers, look, we have all the school buildings which are going to be paid for, don't worry, don't ask for a vote, let the by-law stand, and let us proceed. I think this is misleading and inaccurate information.[53]

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[52] Ibid.

[53] Court Transcript, Volume 5, p. 41.

The second of these statements, which would attribute any tax increases not to increases in the Division but to the increase in the cost of education throughout the Province, was again misleading. The cost of education within this Division could have risen because of the actions of the Board itself without regard to any other part of the Province.

While the Director of School Administration did not disagree with the efforts of the Secretary-Treasurer to get information to the ratepayers of the Division, he did object to the inaccuracies that the Public Information Bulletin contained. Such inaccuracies did illustrate a lack of knowledge of building procedures by the Secretary-Treasurer and presumably by the Board if it had approved the document. Perhaps the questions uppermost in the Director's mind at this time with respect to this Bulletin were: (1) Were the Trustees aware of these errors it contained? and (2) If they were aware of these errors, why did they not point them out to the Secretary-Treasurer?

VII. THE INTERIM AUDIT

The reports of Superintendent Daniels and the experience that he had had with the 1964 building and maintenance programs for the Division reinforced the view of the possible

mismanagement of the affairs of the Division that the Director of School Administration held. He, therefore, resolved that as soon as they were available from other duties, he would send two of his field officers to the Division to make an on-the-spot check and where possible to advise the Secretary-Treasurer and the Trustees on remedial measures for the defects that were becoming obvious in the Board's administration. Any immediate action in this regard was prevented due to staff shortages during the summer and to heavy commitments that these field officers had during the Fall in connection with central office duties.

The Visit of Russell Kinsey to the Department

Subsequent to receiving the letter of complaint regarding inefficient Board management from Superintendent Daniels, the Director of School Administration received additional information on this matter during a visit to the Department of a Mr. Russell Kinsey, former clerk of works with the Fort Vermilion School Division.

Upon his appointment as architect to the Division on April 20th, 1964, Mr. Munzel of Munzel and Associates, Edmonton, had suggested to the Board at their general meeting in April, that a clerk of works be appointed for the

supervision of the building and maintenance programs and requested that he be given the necessary authority to advertise this position and to appoint from a list of applicants a person who he considered would be well qualified and suitable to occupy this position. In May, Russell Kinsey was selected from among applicants to fill this position.[54] The main responsibility of the clerk of works was "to assure that all contractors were carrying out their obligations as tendered,"[55] and "to assist the Board in the discharge of the current maintenance with the assistance of the shop foreman."[56]

The circumstances surrounding Kinsey's employment were somewhat unusual in that he appeared to be jointly employed by Munzel and Associates and by the School Board. At the July meeting of the School Board, for instance, Munzel

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[54]Mr. Backstrom outlined the duties of Mr. Kinsey as follows:

> ... he was to take care of the Board's interest in regard to the 1964 building program and also help our maintenance crew with problems which they may have had in the maintenance in 1964. Court Transcript, Volume 7, p. 157.

[55]Minutes of the Board of the Fort Vermilion School Division, May, 1964, p. 5.

[56]Ibid.

informed the Board that he had terminated Kinsey's services with his firm, yet at this same meeting the Board continued to retain Kinsey at a lower wage, pointing out that the need for supervision no longer existed. In August of 1964, however, the Board decided to terminate Kinsey's services as they considered that his services were no longer warranted.

At the Department of Education, Kinsey first spoke to U. Shogren, senior administrative field officer with the Division of Administration. This officer had joined the Department of Education as a field administrative officer in 1954. In his duties he was responsible to the Director of School Administration and he occupied the position of Senior Field Administrative Officer. Field Officer Shogren had some acquaintence with the Fort Vermilion School Division as he had accompanied the Minister of Education on a visit to the Division early in 1964 and he had been present with the Director of School Administration at the Short Course for Secretary-Treasurers held at Banff at which discussions were held with Secretary-Treasurer Dunn with regard to the performance of his duties. Shogren also had knowledge of this division through his dealings in the main office with regard to such matters as budgets, buildings and financial statements.

The nature of the information that Kinsey divulged to Shogren seemed to be two-fold. In the first place, he informed Shogren that an interim audit had been performed at the Fort Vermilion Division and that this apparently contained some disquieting information. Secondly, he made mention of problems associated with the replacement of furnace floors in some schools of the Division. Shogren, somewhat concerned at what Kinsey had told him, invited him to visit the Director of School Administration and to relate these matters to him in more detail.

The matter of the furnace floors in the Division was one of great concern to the Director. In July 1964 the Provincial Fire Inspector had inspected schools in the Fort Vermilion School Division and had found oil furnaces resting on oil soaked wooden floors in some of the schools.[57] These furnaces resting on oil soaked wooden floors presented a major fire hazard in the buildings and the Director, concerned for the safety of the children attending these schools, had

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[57]It must be pointed out that the Division was not at fault in the matter of installing these furnaces. The plans for these buildings had been passed by the Fire Commissioner's Office and by the Department of Education some four years before. In effect, a four year period had elapsed before any fire inspection had revealed these defects.

requested the Division in July to have these faults rectified before the commencement of school in September. If Kinsey's information proved to be correct, then a period of three to four months had elapsed without any action having been taken by the Board in this regard. In speaking of the matter of these furnace floors the Director stated:

> ... the school Division knew in the spring that they were supposed to do something about the furnace room floors. They had been asked in July to do something about them before school started in September and here it was three or four months later and they were just about to do something and our view was that this ought to have been done ... the Trustees ought to have taken action before October and this to my understanding was possible ...[58]

The information obtained from Kinsey regarding the Interim Audit and the condition of furnace floors in the schools of the Division, reinforced the apprehension that the Director felt about the affairs of the Division. This new information substantiated in some degree the complaints listed in Superintendent Daniels' letter of August 20th, complaints that had been evident at the time of Penrice's visit in November of 1963 and which had been pointed out earlier than this by Superintendent Giles in July of 1963.

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[58] Court Transcript, Volume 5, p. 50.

In view of the information supplied to him by Kinsey concerning the presence of an Interim Audit, the Director decided that the visit of field administrative officers to the Fort Vermilion School Division was imperative. Accordingly, on October 16th he instructed Messrs. Penrice and Shogren to visit the Divisional Office, to examine the management of the Division, and to supply the Secretary-Treasurer with information and advice designed to assist him towards a remedying of existing dysfunctions and of establishing the operation of the Division upon a sound and efficient basis. Field officers Penrice and Shogren subsequently visited Fort Vermilion arriving there on October 20th, after having picked up a copy of the Interim Audit from the Peace River office of the auditors, Nash and Nash, on their way.

This Interim Audit that officers Shogren and Penrice obtained from the Office of the Auditors in Peace River, revealed, in their opinion, many aspects in which the administration of the Division was deficient. During their visit to the Divisional Office they had an opportunity to study its contents and it assisted them in their task of examining Divisional records.

The Divison's Bookkeeping System

The system of bookkeeping which was used in the Division was one which was used by most school divisions throughout Alberta. The main book of original entry used in the Division was a combination cash-receipt and cash-disbursements book. This book was a large double-page form, approved by the Department of Education and so ruled that detail space and columns were available for entering and distributing the entries from various source documents on which were recorded all cash receipts and all payments out.

Information from which to write up the Cash Book[59] was obtained from what may be termed "source documents." The source document in the case of cash receipts consisted of the receipt book in which appeared duplicates of receipts given to the payer for funds received, whether in the form of cheques, drafts, money orders or actual cash. Receipts were required for every amount paid in to the Secretary-Treasurer immediately upon its receipt; any delay in such a procedure could have led to serious error in accounting. Each receipt showed the date of payment, the name of the payer, the amount paid, the purpose for which the payment

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[59] Sometimes called the "cash journal" or the "cash synoptic".

was made, and was signed on behalf of the Division by the person receiving the money, preferably the Secretary-Treasurer. The receipts used in the Division were printed in duplicate and numbered consecutively so that they could be accounted for and they were bound in book form.

A further source document for the receipts section was the duplicate deposit book. Space was provided in this book on the deposit slip to list the amounts and description of all cheques deposited and to show details of currency and coin. The best practice demanded that all cash should be deposited in the form in which it was received. Any deposit should have covered exactly the total money recorded in the receipt book as being received subsequent to the immediately preceding deposit.

The source documents in respect of cash disbursements were: (1) duplicate copies of cheques issued or cheque stubs, together with (2) vouchers supporting, justifying and giving details in respect of the cheques issued. In some instances, a detachable form, equal in size to the cheque itself, was attached to the cheque on which the payer could list for the information of the payee, details of the items being paid. The Divisional Office used duplicate cheques on which a carbon reproduced writing or typing on the cheque.

Vouchers were required in support of cheques. These vouchers were printed in normal sheet size and provided space for detailing the items paid and for setting out the account to which the payments were to be charged. Each voucher had attached to it the invoices or accounts being paid. In normal practice, vouchers can be pre-numbered or a space provided for inserting an identifying number. The form also contained indicated spaces for the date and for the signatures of the Secretary-Treasurer and the Chairman of the Board. These signatures indicated that the vouchers had been examined by these members and that a comparison had been made with invoices and/or accounts and that approval had been given for the disbursement. All vouchers used in all transactions were required to be kept on file in the Divisional Office and they provided an important source document for the purpose of auditing.

Another book of original entry in the Division was the Payroll Journal, consisting of looseleaf sheets in a binder. It was made up of successive monthly payroll sheets, inserted following completion and entering of each month's payroll sheet. Supplementary to the Payroll Journal were individual earnings record cards, one for each employee in the Division, together with special cheques for the payroll account.

The payroll system in the Fort Vermilion School Division was the "one write" system which was prepared once each month. Names of employees were entered on successive lines on the left side of each sheet. To the right of each name was entered the gross pay, the appropriate deductions for various purposes, and the net amount payable, each item being on a separate column. When the employee's pay cheque was being written, the employee's earning record card and a narrow strip along the edge of the cheque were matched with the proper line on the payroll journal sheet, thus accomplishing simultaneous entry of all three.

After the appropriate entries had been made in respect of all employees whose names appeared on the sheets required for any month, the Payroll Journal sheets were totalled and cross balanced, and the totals were inserted at the end of the last sheet. The payroll cheques could then be completed by inserting the name of each payee and the amount of his net earnings in his appropriate cheque. Payroll cheques were also made up for payment of the various deductions to the authorities entitled thereto. Thus the total of all payroll cheques should have equalled the total amount of the gross pay.

Before payroll cheques were released, the Secretary-

Treasurer made out a voucher for the total gross pay showing thereon the various expense accounts to be charged. He likewise made out a cheque drawn on the general account for the same total gross pay and deposited it in the payroll bank account. When all the payroll cheques had been presented for payment, the balance in the payroll account should have been nil. The voucher completed for the amount of gross pay had the Payroll Journal as evidence in support of the disbursement. The entry in the cash receipts and disbursements book consisted only of the general account cheque issued and the distribution to the expense accounts being charged.

Upon completion of all entries in the cash receipts and disbursements book, the book was ruled off and total arrived at for the various columns and the book cross balanced. The totals and individual entries in the general ledger column, which contained entries of separate amounts which it was desired to post in detail were posted in the general ledger.

The general ledger contained accounts for assets, liabilities, revenue, expenditures and surplus or deficit, both for current operations and capital purposes, and it accumulated the figures for the year in summary form. Thus,

if this ledger had been kept up to date, at the end of any period, be it a month, a year, or any lesser period, the cumulative figures in the accounts could be arranged in such a way that financial statements could readily be prepared for the Board to set forth with clarity, the financial position of the Division and the net result of operations at the time and for the period desired.

In effect, the general ledger was a book that compiled in summary form a record of the financial transactions of the Division on a continuous basis from year to year.

The Details of the Interim Audit

In their inspection of the Divisional records with respect to their Interim Audit, Nash and Nash made a detailed study of the bookkeeping procedures of the Divisional Office. In their report they detailed many accounting and procedural errors which they considered were in need of correction. Mr. Holm, the accountant who had carried out the audit of the Divisional Office, was a member of the Institute of Chartered Accountants of Alberta and in his position as representative of the firm of Nash and Nash, at Peace River, had carried out the audit for the Fort Vermilion Division since 1960. The Interim Audit which his firm had carried out during the last

week of September, was effected in order to lighten the firm's work load at the end of the year. This was a normal operating procedure for the firm and the audit had not been specially requested by the Board.

With respect to their auditing of the Division's records, Nash and Nash made the following general observations:

1. General ledger posted and balanced to July 31st, 1964.

2. General account synoptic entered and added for August, but final totals were in pencil.

3. August 31st payroll records not entered in the Synoptic or General Ledger.

4. General Bank Account was not reconciled to the Treasury Branch records.

5. Capital Bank Account transactions were not written up since January, 1964.[60]

In an attempt to complete their examination of the records of the General Account, the auditors balanced the General Bank Account and posted and balanced the General Ledger to August 31st, 1964. In their report to the Division the auditors made the following general observation:

> ... We find that most of our accounts that keep the same type of records as the School Division, are able to process and close their

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[60] Interim Audit, carried out by Nash and Nash of Peace River, October 1st, 1964. Contained in the files of the Department of Education, Edmonton, Alberta.

> records by the 10th of the following month. We suggest that your Division accounting staff endeavour to do the same.[61]

When counting the cash that was available in the Divisional Office, the auditors found the sum of $12.65 to be on hand representing unreceipted funds. The presence of such unreceipted funds was a practice which was contrary to good business and accounting procedure which required that a receipt be given for all monies received in the Division.

At the time of the Interim Audit the Division had been working under a system whereby the bank required only the signature of the Secretary-Treasurer for the Payroll Cheque Account. The auditors felt that this system was not consistent with sound business procedure and consequently suggested that two officers of the Board should sign all cheques.

When investigating the Payroll Cheque Account they also discovered that the payment of travel expenses had been made from it, a practice which was contrary to normal business procedures.

Of particular concern to the auditors with regard

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[61] Ibid.

this account was the fact that numerous substantial salary advances, ranging from twenty-five to one thousand dollars, had been made to various persons employed within the Division.[62] In particular, they pointed out that the Secretary-Treasurer had outstanding the sum of seven hundred dollars which covered rent and pension contributions as well as cash advances over several months. In speaking of these advances the auditors stated:

> we ... feel that the Board should consider reducing as much as possible, the number of advances being given to personnel. We could see the necessity of possibly doing so before now, but with more banking facilities available, this field should be left to them.[63]

The Use of Committees. Advances had been made to trustees in respect to payment for services in connection with committee work on behalf of the Division. Early in 1964, at their February meeting, the trustees had made a suggestion that committees should be set up "whose main responsibility would be to meet, investigate, and make

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[62]A more detailed treatment of these advances will be given in the section dealing with the Special Audit - vide infra., pp. 228-245.

[63]Interim Audit, op. cit., p. 2.

recommendations to the Division Board on various aspects of the Divisional operations."[64] The Trustees felt that much of the business that was handled in regular Board meetings could be reduced and expedited if prior consideration had been given to this business by these committees, so that, in effect, only the recommendations of these committees would be handled in the regular Board meetings.

The following committees, which consisted of Board members, with the position of secretary being occupied by the Secretary-Treasurer in each case, were accordingly set up:

(a) bus committee - which would be intended to review bus routes, drivers' salaries, etc.

(b) Building Committee - which would be intended for use of new construction.

(c) Plant-Maintenance Committee - to review general maintenance of all Divisional plants.

(d) Purchasing Committee - for the purchase of capital or new equipment.

(e) Salary Negotiating Committee - to meet with teachers when the Board has entered into salary negotiations.

(f) Teacherage Committee - to review general

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[64] Court Transcript, Volume 8, p. 40.

(a) [illegible]

etc.

(b) [illegible]

(c) [illegible]

(d) [illegible]

conditions of teacherages and rental structure.

(g) Accounts Payable Committee - to review all accounts and authorize them for payment.[65]

In speaking of the function of these committees the Secretary-Treasurer made the following observation:

> If there were any problems then it would be up to the committee to recommend what action they felt was necessary, and the reason for committees is to make the trustees more current and more responsible ... for the operation of the Division, and rather than bringing a lot of unnecessary things to the Board the members themselves should decide what, that they should be discussed. (sic) [66]

Work on these committees would often involve considerable travel to schools within the Division and it was in respect to this travel that payment would be made to Trustees. On occasions, some Trustees received advances from the Division in anticipation of travel expenses incurred during these services.

Vouchers. When checking the operating account vouchers the auditors found that in sixty cases, vouchers either had no supporting invoices or contained irregularities. Of these

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[65] Board Minutes, February 12 and 13, p. 2.

[66] Court Transcript, Volume IX, p. 109.

sixty, eleven were not even approved, three were overpaid, twenty-one had no supporting vouchers, and others contained no details of accounts. The auditors pointed out to the Board that in all cases, persons supplying goods and services must render an invoice which should be signed by them. The examination of accounts for payment can be a tedious task, but as the auditors pointed out, it was the best check that the Board members had on the operation of the Division.

At the completion of their audit of the Division, Nash and Nash made the following recommendations, which in their view, were necessary to obtain the efficient and effective operation of the Division:

1. Instruct the Division staff to keep the accounts current.
2. Receipt cash at once and deposit regularly.
3. Two signing officers of the payroll bank account.
4. Reduce or eliminate staff advances.
5. See that monthly accounts for payment are in order and properly approved.[67]

The Trustees Reaction to the Interim Audit

The Interim Audit was examined and discussed by the

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[67]Interim Audit, op. cit.

Trustees at their October 7th meeting. Many of the criticisms of the office administration that were contained in this audit had been discussed at the special meeting which the Board members had held in September to examine the complaints contained in the report of the Superintendent. As such, many of the items pertaining to office administration were not fully discussed as the Trustees felt that considering the assurances then given by the Secretary-Treasurer and considering the short period that had elapsed since that meeting, these matters would be rectified by the end of the year.[68]

The Trustees, however, did give their attention to the recommendations given at the end of the Interim Audit.

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[68]Mr. Backstrom, the Board Chairman, did indicate that he considered that the Interim Audit revealed grave inadequacies in the administration of the Divisional Office. In referring to the meeting that took place on October 7th, Mr. Daniels described the Board's reaction in this way:

> I recall that the Chairman, Mr. Backstrom, asked what views the members of the board had about this report, and indicated that he himself thought that it was a report of a serious nature, and gave evidence of a great deal, and I think I am paraphrasing him correctly when I use the expression "a great deal of sloppy bookkeeping," and he did express his concern in this respect. One of the trustees, about the only other comment I can remember, one of the Trustees said, well of course we know all about this, this is just history as far as we are concerned. Court Transcript, Volume 6, p. 167.

In their list of recommendations, the auditors had suggested that staff advances should be reduced or eliminated. Because of a lack of banking facilities in Fort Vermilion prior to 1964 and also in an effort to provide an incentive for the recruitment and retention of teachers, the Board had been in the practice of granting advances in salary to members of its staff and of its teaching force. At the August 1964 meeting of the Board, motions had been passed to the effect that staff advances required authorization by the Chairman or Vice Chairman and that interest of five and three-quarters per cent would be charged on any advances over one hundred dollars. When the inadvisability of such advances was pointed out by the auditors, however, the Trustees resolved that such advances, unless under exceptional circumstances would cease.[69]

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[69]When referring to the auditors comment regarding advances, the Chairman, Mr. Backstrom disagreed with the criticisms of Nash and Nash:

> ... I felt that in this country this does have to be made (i.e. advances) in order to sometimes help the teachers out that we have.... This had been done for quite a number of years and Nash and Nash had been the auditors before, ... and had never been mentioned that I knew of before, ... I wasn't under the impression that we had broken the School Act in doing it. Court Transcript, Volume 8, p. 27.

The suggestion that two signing officers for the payroll bank account be required was also discussed and following the advice of the auditors this practice was put into operation.

VIII. THE SHOGREN-PENRICE VISIT

On October 20th, 1964 field administrative officers Shogren and Penrice spent the entire day and part of the evening in the Divisional Office examining all aspects of the bookkeeping, accounting and general management and administrative procedures. The Secretary-Treasurer, was on holidays at the time of the visit but made periodic visits to the office at which times they were able to gain some explanation of the various details and procedures that they wished to investigate. Superintendent Daniels and de Kleine, the assistant to the Secretary-Treasurer were present in the office during the visit and were able to assist the two administrative officers in their investigation.

By the end of the day, as a result of their investigations, and by studying the contents of the Interim Audit, Field Officers Shogren and Penrice were both convinced that their examination had uncovered a sufficient number of irregularities and inadequacies in respect of the accounting

for receipts and disbursements, to justify a recommendation to the Minister of Education that a special audit under Section 209 of the School Act be required immediately.[70]

The following extract from Shogren's report of the 26th of October, 1964, to the Director of School Administration reveals in more detail those points over which he and Penrice felt most concern:

> 1. There is every evidence that the office administration and accounting is in a state of confusion and there is a very noticeable lack of harmony between the Secretary-Treasurer, and the other three people in the central office administration, namely the superintendent, the bookkeeper and the stenographer. There appears to be a very definite lack of direction, to the last two, in respect of their duties and in performing and organizing their work by the Secretary-Treasurer.
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> 2. There is evidence that cash has been taken in without receipts having been issued. As a matter of fact receipts were issued to "cash" and dated September 30th in respect of cash which was noted as unreceipted by the auditor during an interim audit carried out September 28th and September 29th for the period of January 1, 1964 to August 31, 1964.

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[70] Section 209 of the School Act reads:

The Board of any district or division, when so directed by the Minister, shall have a special audit made of its books and accounts and, in the case of a division, of the books and accounts of any district included in the division, and the costs of such special audit shall be paid by the district or division directed to make the audit.

3. The divisional board has apparently authorized a petty cash or imprest account in the amount of $25, however, Voucher No. 6568 dated 4/8/64 cosigned by Mr. S. Froese, board member and made out to "petty cash" in the amount of $50 was not supported (at the time of our examination) by one single invoice and furthermore the Secretary-Treasurer was not able to produce any sign of cash relating to this account. Thus we arrive at two conclusions at least.

(a) the orignal authorization has been exceeded.

(b) there were no invoices to support the $50 voucher and no invoices to support the absence of the $50 cash so therefore there is at least $75 cash unaccounted for.

4. The Secretary-Treasurer was overdrawn on salary at the time of our visit and in addition there were in respect of his cheques:

(a) no rent deductions ($50 per month) for June, July, August, September and October.

(b) no utility deductions since January 1, 1964.

(c) no pension deductions since May 31, 1964.

(d) an apparent under deduction of approximately $10 per month in respect of income tax.

5. There are at least three cheques missing or unaccounted for at the time of our visit, namely Nos. 6939, 7024 and 7025. A phone call to the bank brought forth the following information:

6939 - issued to R. Kinsey, $213.10 (no record in office by way of invoices or vouchers).
7024)- One of three purportedly made out to C. Dunn
7025) for $36.00) and the other to Tony's Trucking, Peace River. The former is probably expenses and the latter might well be for liquor and other entertainment items for a forth coming Trustees Zone 1 conference to be held in Fort Vermilion. (presumably be recovered from members attending)

(b)

(c)

(d)

(e)

6. There are numerous instances where the covering voucher amount does not agree with the totals of the attached or supporting invoices. Furthermore, in many cases the vouchers are not authorized by a member of the Board.

7. Transfer cheques from General Account in respect of the payroll do not agree with total of payroll.

8. Capital account transactions have not been recorded since January, 1964.

9. The Secretary-Treasurer appears to have little or no knowledge respecting the finances and financial position of the Division.[71]

On the following day, with the knowledge that the School Board would be meeting that evening, Field Officer Shogren telephoned the Director of School Administration and briefly outlined to him their findings with respect to their investigations and of the contents of the Interim Audit. He further recommended to the Director that a special audit be required in view of the findings of his investigation.

At the time of Shogren's telephone call on the morning of the twenty-first, the Deputy-Minister of Education, was not in his office. The Director of School Administration, therefore, after consideration of the details supplied to him by Shogren, approached the Minister and laid before him a

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[71]Report of the 26th of October, 1964, Shogren to Dr. Hodgson, contained in the files of the Department of Education, Edmonton, Alberta.

major part of the information that he had received, particularly those matters relating to invoices and advances. The Minister, convinced of the need for further action in this matter, indicated that a telegram should be drafted and directed to the Trustees requiring a special audit under Section 209 of the School Act.

Upon his return to his office, the Deputy Minister was acquainted with the events that had occurred and of the nature of the findings of the Penrice-Shogren investigations at Fort Vermilion. He accordingly sent a telegram to R. A. Backstrom, the Board Chairman, informing him of the Minister's decision and requesting that a special audit be carried out as soon as possible.

At the Board meeting that evening, the Chairman presented the telegram to the Board and a motion was passed appointing Nash and Nash to carry out a special audit at their earliest convenience.

The Board Meeting of the 21st of October

Following their inspection of the Divisional Office, Messrs. Shogren and Penrice attended the meeting of the Fort Vermilion School Board held at Fort Vermilion on the evening of the twenty-first of October. At this meeting they

attempted to impress upon the Board members their concern over the situation that they had found in the Divisional Office and to explain to them their reasons for requesting a special audit. Only four of the Trustees were present at this meeting. Trustee Lambert was absent, and de Kleine acted as Secretary-Treasurer in the absence of Secretary-Treasurer Dunn, who was on holidays.

In the later afternoon, before this meeting, de Kleine gave Shogren the agenda for the evening's meeting, the first item of which referred to the resignation of the Secretary-Treasurer. de Kleine, however, informed Shogren that written notice of resignation had not been submitted and as such no action could be taken upon the subject at the meeting. On the advice of Shogren, de Kleine visited the Secretary-Treasurer and requested written confirmation of his intention to resign. The Secretary-Treasurer, however, declined to submit a letter of resignation.

During the meeting of the Board, Messrs. Shogren and Penrice outlined to the Trustees their views on the contents of the Interim Audit, pointing out that, in their view, the contents of this document alone were sufficient evidence to warrant a request for a special audit. On three occasions during this meeting and once in the presence of the Secretary-

Treasurer, who did not attend the meeting until later in the evening, when requested to do so, Shogren outlined item by item the significance of the contents of the Interim Audit and then further elaborated on matters that he had noticed in his inspection of the office, such as the lack of harmony between office staff, discrepancies in the petty cash, the occurrence of unreceipted money and unemployment insurance inadequacies.

The members of the Board had been aware, for some time, of the many criticisms outlined by Shogren, but foremost in their minds at this meeting was the question of whether the actions of the Secretary-Treasurer constituted any breach of trust. When speaking of this, Trustee Northey stated:

> ... what I was most concerned about, and the question that I asked Mr. Shogren was, after quite a lengthy discussion, did the Secretary-Treasurer, in his mind, after his investigation, demonstrate any breach of trust ... we did not want to be involved in a legal dismissal, and perhaps my interpretation is wrong, but I did not feel that we could dismiss the Secretary without just cause, and I was under the impression that if a definite breach of trust had been demonstrated, the Board would not hesitate to dismiss the Secretary-Treasurer. But, that I felt, if a breach of trust had been demonstrated then I felt that the Government should recommend that the bond of the Secretary be withdrawn[72] and we would

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[72]The Department of Education bonds positions but not persons.

> have no option but to engage another secretary within a period of two weeks.[73]

The Board members were particularly interested in establishing this point and questioned Shogren as to whether he considered that the Secretary-Treasurer had indeed demonstrated any breach of trust. Shogren replied that at the time there was no evidence to make such an allegation but that discrepancies that he had observed in the bookkeeping of the Division, such as the unreceipted petty cash, led him to believe that a more detailed examination of the books of the Divisional Office was warranted and that this was one of his reasons for recommending to the Minister that a special audit be held.

In view of the nature of the complaints that he had elaborated concerning the work of the Secretary-Treasurer, Shogren suggested to the Board that he be placed on suspension until such time as the special audit could be carried out. The Trustees, however, felt that in view of the fact that Dunn had holidays due to him, the same purpose could be achieved by requiring him to take these with the explicit instruction that he should not attend the office until November 20th.

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[73] Court Transcript, Volume 13, p. 44.

After a lengthy discussion on this matter it was resolved that the Secretary-Treasurer should be placed on an enforced holiday until November 20th, and that all parties would wait for the results of the Special Audit before considering any further action in the matter. De Kleine was instructed to act in the capacity of Secretary-Treasurer during the period in which Dunn was on holidays.

IX. THE SPECIAL AUDIT

At 5:00 p.m. on November 16th, Field Officer Shogren personally picked up from the Edmonton office of Nash and Nash, two copies of the Special Audit which had been requested by the Minister. The next day, at the Department of Education, the Deputy Minister, the Director of School Administration, A. Wetter, the Assistant Director of School Administration and Field Officer Shogren met to discuss its contents. This Special Audit confirmed the fears that the Departmental officers held for the efficient operation of the School Division. Errors in procedures and accounting found in the Interim Audit were substantiated and elaborated and the report revealed that in almost every aspect of its operation the Division showed serious deficiencies.

The Financial Condition of the Division

Table VII, below, indicates the position of the Fort Vermilion School Division with respect to overdraft and loan balances at the time of the Special Audit. In commenting upon the Division's financial position, Nash and Nash stated that "these overdrafts and loan balances indicated that your Division is in a very serious financial condition."[74] This serious financial condition had arisen due to several factors.

TABLE VII

SUMMARY OF REVENUE, AND CAPITAL AND LOAN FUNDS AT TIME OF SPECIAL AUDIT*

Item	Revenue Fund	Capital and Loan
Overdraft	$ 9,876.82	$ 1,561.00
Current Loans	150,000.00	100,000.00
Loan from Capital Fund	40,000.00	--
Current Indebtedness	199,876.82	101,651.00

* These figures obtained from files at Department of Education, Edmonton, Alberta.

[74] Special Audit.

The Secretary-Treasurer in the preparation of the 1964 budget had failed to submit requested information to enable the budget to be approved by the Department of Education. He had failed to make out the 1964 tax requisitions and had not prepared claim forms for capital grants, tuition and conveyance grants from the Federal Government and for special grants from the Provincial Government. Nor had he processed notes for further bus loans that were urgently needed by the Division. The failure of the Secretary-Treasurer to make out the 1964 tax requisition was most unusual and in speaking of this matter the Deputy Minister said:

> ... it seemed to me that this was a reflection not only on the Secretary-Treasurer but was a reflection on the Board because I could scarcely conceive of a Board not being aware that its requisition had not been sent. And if it was aware it should have done something about it ...[75]

The 1964 Budget

The way in which the 1964 budget had been handled revealed the rather confused manner in which the Secretary-Treasurer had dealt with this matter. On the 18th of May, the Secretary-Treasurer presented to the Department of Education an outline of the proposed budget for the Division in order to gain advice from the administrative

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[75]Court Transcript, Volume 5, p. 48.

staff as to its compilation. This budget was not presented on the correct forms. At the monthly meeting of the Board held on the 20th of May, 1964, he outlined to Trustees the main features of this budget and at the second part of this meeting on the 27th of that month a budget for $516,805.67 was approved by the Trustees. In view of this budget the Trustees at the same meeting moved to apply for a special grant of $100,000.00.

On June 15th, the Secretary-Treasurer visited the Department of Education in connection with this budget that had been passed by the Board. In discussions with Field Officer Penrice, he expressed concern over the fact that buildings in the Division required extensive repairs. Penrice, after considering the facts that Dunn had put before him, and in view of the fact that a special grant would be required for the Division, asked that more detailed information on the repairs to the buildings and also for capital expenditures be given, as this type of information is normally required by the Department when requesting Ministerial approval of a special grant for a school authority. It was during this visit to the Department that the Secretary-Treasurer had discussions with the Director of School Administration in which he expressed fears that the Board

would be short of funds for its 1964 buildings program. (supra., p.188).

Upon his return to the Division the Secretary-Treasurer made revisions to the proposed budget which had been passed by the Board on May 27th and presented this revised copy once more to the Trustees at their June meeting. At this meeting the Trustees reviewed the budget at length and then passed this budget and a further motion to request the Minister of Education for a special grant of $62,318.00. Despite the fact that this budget was passed at the June 24th meeting, the Secretary-Treasurer did not present it to the Department of Education until July 21st when he was in Edmonton with members of the School Board to meet with the Director regarding the 1964 building program.

Staff Advances and Payroll

In view of the fact that the Fort Vermilion School Division was located in a local improvement district and also that over 95 per cent of its operational money was derived from the Provincial Government, (supra., p.146) the granting of staff advances by the Board was considered to be quite an irregular procedure by members of the Department of Education, particularly in view of the fact

that banking facilities existed in the Fort Vermilion Settlement.

At the time of the Special Audit,[76] employee indebtedness to the Division amounted to $2,623.36 of which $500 was owed by the Secretary-Treasurer. In addition to this five hundred dollars owed by him in the form of advances, the Special Audit revealed that the Secretary-Treasurer was also indebted to the Division for the amount of $779.86 being monies due for rent, fuel and light, and pension and service contributions. Dunn had received advances on his salary on several occasions, at one time paying one hundred dollars for his own personal taxation arrears with a divisional cheque without Board approval. He had further made a practice of issuing his monthly pay cheques in advance of the month end, when the regular payroll was prepared. Of particular significance in this regard was the fact that on October 1st, Nash and Nash had recommended that two officers of the Division should sign the payroll cheques. This had been done by the Board but the intent of the advice had been nullified by the fact that the Chairman had signed payroll cheques in advance and in blank.

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[76]The following information was obtained from the Special Audit.

Many of the advances made by the School Board were of an irregular nature and had little connection with the educational activity of the Division. On August 19th, 1964 the Board had advanced to Mrs. A. K. Backstrom, a teacher in the Division and the mother of the Board Chairman, one thousand dollars to complete the construction of a farm home. Another teacher was advanced four hundred dollars to pay a brother's fees at the University of Toronto, and Trustee Lambert was advanced one hundred dollars "to buy a lovely saddle horse". On April 20th, the Secretary-Treasurer was advanced four hundred dollars to purchase a car and this was not recorded in Board minutes as having been authorized.[77]

The provision of such staff advances was of particular concern to the Deputy Minister, and in speaking of the matter he stated that he was:

> ... particularly concerned ... firstly because I questioned that it was proper for a school authority to be doing this sort of thing and, secondly, knowing that in the end in this particular Division it had to be supported by way of special grants, it seemed to be that, in effect, the Board might be thought of as lending not its own money but money from the Department of Education and the Government.[78]

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[77] Ibid.

[78] Court Transcript, Volume 6, p. 48.

In reviewing the payroll account the auditors also found that employees' tax deductions, Medical Services Incorporated deductions, Teachers' Retirement deductions, and Alberta Teachers' Association deductions were not remitted for the period between April and August until August of 1964. These funds being trust funds were ones that should have been paid to the proper authorities promptly.

The Minutes of Board Meetings

The poor construction of Board minutes had been among the criticisms levelled against the Secretary-Treasurer by both superintendents Giles and Daniels and by field administrative officer Penrice. The auditors found the minutes of the meetings to be generally quite long and poorly constructed, and they criticized the lack of any reference to letters, authorizations, and agenda being filed with the proper meeting.

Nash and Nash also criticized the use of voting by secret ballot. Such procedure had been used on January 15th, 1964 to dismiss a Mr. V. O'Connell, a maintenance supervisor,[79]

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[79]Mr. Backstrom indicated the Board's reasons for using a secret ballot on this occasion as follows:

I don't recall specifically why this was done,

and on April 8th, when the Board had terminated the services of Western Construction Consultants. The auditors felt that in matters of a contentious nature the Board should have been prepared to take an open and recorded vote. The Deputy Minister was critical of the use of secret ballots in the Board meetings:

> ... it is certainly not in the tradition of our local government and of school government to have secret ballots.... this substantially negates the requirements of the School Act, that all school board meetings must be conducted in public.[80]

In the minutes of the meeting of January 15th, 1964, the School Board had passed a resolution giving the Secretary-Treasurer the necessary authority to direct and supervise the maintenance staff, caretakers and bus drivers of the Division. This step was taken by the Board in an endeavour to give more effective supervision to the maintenance work that was being carried out in the Division. The Trustees considered that to be able to exercise any type of control on materials, the maintenance staff would need an acquaintence with procedures

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no. Except perhaps so that if somebody thought he should be retained that he wouldn't be pressured into voting one way or another by the hands of the other trustees. Court Transcript, Volume 7, p. 153.

[80] Court Transcript, Volume 5, p. 49.

so that cost accounting could be carried out and a more effective control could be maintained over areas of larger expenditure. Such duties of a supervisory nature, however, were not outlined in Section 193 and 194 of the School Act dealing with the duties of a secretary-treasurer.

At the meeting of the Board of September 16th, 1964, the question of building skating rinks at High Level and Rocky Lane was discussed and it was decided that in view of the heavy financial commitments facing the Board with regard to the maintenance in the Division, the matter would be postponed until such time as a financial statement could be given to the Board. Despite this decision by the Board, Item 18 of the agenda for the meeting of October 7th, 1964 stated that material had been purchased from Northway Building Supplies to construct these rinks. It would appear that the Secretary-Treasurer in proceeding with the purchase of such material had completely ignored the previous instruction from the Board of Trustees.

Tender Practices

Some of the Board's practices in relation to the calling of public tenders for major purchases were criticized by the auditors with a recommendation that accepted practice

should be adhered to.

At the January 15th meeting of the Board of Trustees a motion was passed that the Division purchase a half or three-quarter ton truck which it considered to be necessary in conjunction with maintenance work in the Division. In accordance with this motion a committee consisting of trustees Driedger, Froese and the Secretary-Treasurer was appointed to make inquiries as to the availability of a suitable unit and when a satisfactory vehicle was located to purchase this at a cost not exceeding $2,600.00. Although this purchase was for a sum exceeding two thousand dollars, no public tenders were called and a 1964 Dodge truck was eventually purchased for the price of $2,600.00. In their examination of the records of the Division, the auditors could find no invoice connected with this sale.

The auditors were similarly critical of procedures that had been adopted in connection with a school bus. On March 11th, 1964, a bid for $7,050.00 for a fifty-four passenger bus was accepted from Enerson Motors. Of the tenders received, the lowest bid had been that of Western School bus who offered a Ford Unit at a price of $6,229.00.

During October of 1964 the architect for the Division, Mr. Munzel, called tenders on behalf of the Division for

alterations to furnace rooms at three schools in the Division which had been condemned by the Provincial Fire Commissioner's Office. Two bids were tendered for these projects, the first from R. Kinsey for a price of $6,290.00 and a second from Northern Builders who tendered on a cost plus basis. The latter bid, however, was contrary to directions that the Director of School Administration had given to the Division. In a telegram to the Division of October 16th he had stated:

> The Department of Education is now aware of the Division's plans to renovate three furnace rooms. We are of the opinion that four such rooms should be done inclusive of the two at Rocky Lane. We would also ask that the Division avoid a contract which is cost plus, and seek instead a contract negotiated for a fixed figure. No contract may be signed until plans and specifications are approved here. We are concerned about the fire hazard of your existing furnace rooms and hope that you can bring repair work to a rapid conclusion.[81]

The Director was particularly anxious to have the furnace room floors in these schools repaired as soon as possible, for these faults had been pointed out to the Trustees three months earlier.

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[81]Telegram from Dr. Hodgson to C. I. Dunn, October 16th, 1964. Contained in the files of the Department of Education, Edmonton, Alberta.

On his own initiative, The Secretary-Treasurer negotiated a contract with Northway Builders for $4,500.00. In doing this the auditors felt that he had defeated the purposes of public tender, even though he had effected a saving for the Division. This criticism, however may have been somewhat unjustified as under the circumstances, the urgency of the situation had been pointed out by the Director of School Administration.

Questionable Board Transactions

Section 89 of the School Act sets out those transactions which are prohibited to trustees of a school board. This section prohibits a trustee from

> entering into any contract in which he has any pecuniary interest with the board of which he is a member and for receiving payment for any work done or for materials supplied to any person in connection with any contract awarded by the board or purchase made by the board, while the trustee is a member of the board.[82]

In addition, no divisional trustee who is a merchant may make sales to a board in excess of two hundred and fifty dollars in any one year.

In their examination of the accounts and records of

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[82] The School Act, p. 79.

the Division, Nash and Nash pointed out that in the case of Trustee Northey the provision of this regulation had been broken. The circumstances associated with these transactions were of a most unusual nature, however, in that Trustee Northey, who was the owner of Fort Vermilion Air Services Ltd., provided air transport to Board members on occasions where, due to urgency and dislocation of alternative transport due to weather and other causes, his air service was the only means of leaving the settlement.

Under Section 197b of the School Act the Secretary-Treasurer of a division or any other employee is prevented from receiving payment for goods, services or merchandise at the current price to any amount in excess of one hundred and fifty dollars for any one year. On six occasions, payments were made to the Fort Vermilion Building Suppliers, managed by T. Smith, to Edwin Ward and to R. Kinsey, the sum of which for each person exceeded the one hundred and fifty dollars allowable under this section.[83]

Monies Owed to or Recoupable by the Division

In the Special Audit, Nash and Nash pointed out that

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[83]Each of these men were employed in the maintenance section of the Division.

the Division had failed to recoup monies owed to it by the Northland School Division. By a Ministerial order of June 5th, 1963, the Minister of Education had transferred the assets and liabilities of certain school districts in the Fort Vermilion Division to the Northland School Division. (supra., p.135). At the time of the Special Audit, loan instalments which the Fort Vermilion Division had paid out on a Treasury Branch Loan had not been reimbursed. Table VIII summarizes the principal and interest due to the Division on a building and school bus loan for the years 1963 and 1964.

Capital Loan Fund

The auditors were critical of several procedures that had been carried out by the Division in connection with its Capital and Loan Fund. In particular, they stressed that disbursements for equipment, buildings and land which were not expressly covered by a grant or debenture fund should be budgeted for and paid out of current funds. They also pointed out that over $1,600.00 worth of films, film strips and library equipment which had been paid out of capital funds should have been paid for out of revenue funds.

A more disturbing matter was revealed in connection with the Capital Account in that payments of $86,628.61 had

TABLE VIII

PRINCIPAL AND INTEREST DUE TO DIVISION FROM NORTHLAND SCHOOL DIVISION*

Item	Principal	Interest	Total
Building Loan #211, 1963	$ 150.00	$ 33.68	$ 183.68
1964	1,800.00	396.00	2,196.00
School Bus Loan #49	1,309.00	376.00	1,685.34

* Obtained from the files of the Department of Education, Edmonton, Alberta.

been made by the Secretary-Treasurer to firms without the authorization of the Board.

Vouchers and Invoices

As in the case of the Interim Audit, the Special Audit instanced many occasions on which vouchers existed with no invoices or with inadequate supporting evidence. In an appendix to the Special Audit, the auditors itemized sixty-seven cases where invoices had been missing and three cases where the invoices exceeded the payments. They also listed thirty-one cheques for which both vouchers and invoices were missing for a total of $2,698.10. Sixty-eight cheques to a value of $24,059.72 did not have vouchers signed by the Secretary-Treasurer and sixty-seven cheques had been paid out for which vouchers were not approved by a Board member for payment.

Petty Cash Account

The petty cash account for the Divisional Office was recorded in the records of the Division as a fund of $25. In their examination of the office records, however, the auditors were unable to verify the existence of this asset, due to the fact that no cash or paid vouchers were on hand to cover the fund. The auditors also noted that a cheque

No. 6568 for $50 had been issued to the Secretary-Treasurer and was marked as petty cash. In this case there were no supporting vouchers indicating the type of expense paid out in cash by the Secretary-Treasurer. The cheque for $50 was also for twice the amount of money authorized for this fund.

Summary of the Special Audit

The Special Audit confirmed and extended the deficiencies that had been pointed out in the Interim Audit that Nash and Nash had carried out in September. What was most worrying to the members of the Department of Education was that the condition of the Division's financies was quite serious and yet the Trustees and the Secretary-Treasurer did not seem to be aware of this. The serious condition in the Division's finances had come about mainly because the debt situation continued so late in the year, instead of having been covered by the funds which would normally have been received by the Division. These revenue funds should have been received in the Division by this time of the year.

X. THE FINAL PHASE

On November 17th, 1964, a meeting was held in the Deputy Minister's office at the Department of Education to

discuss the contents of the Special Audit that had been obtained by Field Officer Shogren on the previous evening from the Edmonton office of the auditors, Nash and Nash. At this meeting the report was read and discussed and the Deputy Minister was quite disturbed about what appeared to be the condition of matters in the Fort Vermilion Divisional Office. Although concerned about almost everything contained in this report, he was particularly disturbed at what it revealed in connection with the petty cash account, the 1964 tax requisitions, staff advances and the use of secret ballots in Board meetings.[84]

During the meeting no firm decision was made on a course of action, as it was considered that a more careful and detailed examination and study of the contents of the Special Audit should be undertaken first. In order that this

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[84]During the Official Inquiry, in response to questioning regarding the Special Audit, Dr. Swift commented:

> Having read this document I was quite disturbed about what appeared to be the condition of matters in the Fort Vermilion Division Office ... I would say that almost everything in the report caused me some concern although some matters more than others.

In the evidence that followed, Dr. Swift elaborated the following items as being of most concern to him: petty cash account, overdrafts and loan balances, failure to make out 1964 tax requisition, missing cheques, the use of secret ballot and staff advances. Court Transcript, Volume 6, pp. 45-50.

could be done, the Deputy Minister ordered three copies of the Audit to be made, one of which was forwarded to the Minister of Education for his consideration.

At a following meeting on the next day in the Deputy Minister's office, the Special Audit was once more discussed by the Deputy Minister, the Director of School Administration, the Assistant Director, Field Officers Shogren and Penrice and other officers of the Department. There was unanimous agreement among those attending this meeting that the Special Audit revealed a most disturbing state of affairs. In the discussions that took place it was decided to send the following telegram to the Board Chairman:

> R. A. Backstrom, Chairman,
> School Division Board,
> Fort Vermilion, Alberta.
>
> Please advise immediately following today's meeting what steps Board proposes to take to deal with intolerable situation revealed by recent audit. Our concern related to performance of secretary and also apparent lack of proper control by school board itself.
>
> Dr. Swift,
> Deputy Minister of
> Education.[85]

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[85]Telegram from Dr. Swift to Mr. R. A. Backstrom, November 18th, 1964. Contained in files of the Department of Education, Edmonton, Alberta.

The wording of this telegram was decided upon by the Deputy Minister and other officials of the Department in consultation. All present agreed that the situation revealed in the audit was an intolerable one, in fact some discussion was had as to whether the word "deplorable" should be used in preference to "intolerable".

The decision to send a telegram from among the alternative courses of action was taken because of the fact that the Fort Vermilion School Board's regular monthly meeting was to be held on the evening of the day on which the Departmental meeting took place and it was considered that this course of action would allow an early discussion and consideration of the Special Audit and the contents of the Deputy Minister's telegram. In sending the telegram, the Deputy Minister and other Departmental officials did not formulate any conclusions as to what steps the Board should take upon its receipt.

It was the desire of all Departmental officials to effect such action as would help to return the operation of the Fort Vermilion Division to a condition that they considered satisfactory and which was conducive to the best educational interests of the children receiving schooling in the Division.

The Board's Reaction to the Telegram

At the meeting of the Fort Vermilion School Board which was held that evening, the telegram from the Deputy Minister was read by Chairman Backstrom.

Following the Chairman's reading of the telegram there was silence at the meeting for some time. Trustee Froese then expressed the view that because the Secretary-Treasurer was indebted to the Division for the sum of approximately thirteen hundred dollars, his services should be retained for another three months so that the Division could recoup some of this money. Froese also expressed the opinion that the Secretary-Treasurer should be told that he would either have to have the books of the Division up to date by the end of the year or he would have to go. Most of the Board members agreed with this suggestion as they were not certain as to the legal position in dismissing the Secretary-Treasurer.[86]

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[86]Later at the Official Inquiry, Mr. Backstrom stated that he felt that the Board should have discharged Dunn. When questioned as to why he did not express these views at the meeting he replied:

> I asked the Board what we should do about this telegram that was received from Edmonton and there was a little bit of discussion on it and the motion was made that Mr. Dunn would be retained on three months probationary period, and the motion was carried and therefore there was not much sense in me bringing up that I felt that he should be discharged. Court Transcript, Volume 8, p. 32.

The events of the Interim and Special Audits had come so quickly upon their previous decision to allow the Secretary-Treasurer five months in which to rectify the faults in his administration, which they had made following Superintendent Daniels' report, that some of the members were inclined to give Dunn the benefit of the doubt, and to allow him time in which to prove that he could establish the administration of the Division on a firm footing. Some members also felt that given the chance, Dunn could clarify many of the points contained in the Special Audit.

The Appointment of an Official Trustee

On November 19th, the Deputy Minister received from R. A. Backstrom, the Chairman of the Division, the following telegram:

> W. H. Swift,
> Deputy Minister of Education,
> Edmonton, Alberta.
>
> The Board of Trustees of Fort Vermilion School Division moved to retain the services of C. I. Dunn, the Secretary-Treasurer on a three month probationary period. Performance of his duties will be reviewed during February.
>
> R. A. Backstrom,
> Chairman.[87]

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[87]Telegram from R. A. Backstrom to Dr. Swift, November 19th, 1964, contained in the files of the Department of Education, Edmonton, Alberta.

This telegram was the only communication that the Deputy Minister received in response to that which he had sent to the Board concerning the Special Audit and at no subsequent time up to the appointment of the Official Trustee to the Division was any further communication received at the Department of Education in response to the Deputy Minister's telegram.

Upon receipt of the Chairman's telegram a further meeting of Departmental officials was held in the Deputy Minister's office to consider the adequacy of the reply that had been received from the Board, and to decide whether or not it gave promise that something was about to be done concerning those matters upon which the Department had previously expressed concern. Penrice, the field administrative officer who had made the July inspection of the Fort Vermilion Office with Field Officer Shogren was absent in hospital on this occasion.

At this meeting, all agreed that the reply received from the School Board was inadequate and that it gave no indication that the Trustees had initiated any thoroughly satisfactory course of action designed to remedy the defects revealed in the Special Audit.[88] Following Superintendent

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[88]When speaking of his reaction to the telegram Dr.

Daniels' complaints, the Board had advised the Secretary Treasurer that if no improvement was shown by the following January his services would no longer be required. In the opinion of the Departmental officals, the Board decision to place Dunn upon three months probation held little promise of bringing about any change in the existing situation. The chief conclusion of the discussions that were held was that the matter should be carried forward to the Minister of Education for his decision.

The Minister's Decision

At one o'clock on Friday, November the 20th, 1964, the Deputy Minister, the Director of School Administration and the

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Swift stated:

> Well, it indicated only one thing. That is, reading from the telegram that the Board ... moved to retain the services of C. I. Dunn as Secretary Treasurer on a three month probationary period. Performance to be reviewed during February. In other words, there was to be no change in the situation other than that Mr. Dunn was now to be on probation. Court Transcript, Volume 6, p. 59.

During the Judicial Inquiry Dr. Swift was asked by Mr. Redmond:

> ... do I take it however, sir, from your evidence that you at least expected them to take some steps to clean up the existing problems?

His reply was:

> ... Yes, we had hoped to receive from the Board some indication that they recognized the seriousness of the situation, and that they as trustees were prepared to do something about it. Ibid., p. 95.

Assistant Director met with the Minister of Education in his office to discuss the events that had occurred in connection with the Special Audit, the outcomes that this audit had revealed and the action proposed by the Board in response to the Deputy Minister's telegram. At this meeting, two possible courses of action were discussed. The first involved sending a further group of persons from the Department of Education to meet with the Trustees of the School Board for further discussion of their affairs. The second was the possibility of appointing an Official Trustee to the Division. Following careful analysis of both courses of action the meeting closed to allow the Minister to consider further each of these two courses of action.[89]

At 4:30 p.m. that afternoon the Minister called the Deputy Minister and asked that he come to his office for

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[89]During the Official Inquiry, Dr. Swift spoke of the consideration of alternatives at this meeting as follows:

> As far as I can recall there was mention of the possibility of the appointment of an Official Trustee. There was also mention of the possibility of sending a further group of persons from the Department of Education. This time the Director of School Administration or even myself to meet with the Board of Trustees for a further discussion of their affairs. These are the only things which stand out significantly in my mind. Court Transcript, Volume 6, p. 60.

further discussions. When the Deputy Minister arrived at his office, the Minister informed him that he had decided to appoint an Official Trustee to the Fort Vermilion School Division. At this meeting no discussion was held as to the merits of this decision but a lengthy discussion was held as to which person might be selected to be appointed as Official Trustee.

In this discussion concerning the selection of an Official Trustee, three alternatives were considered:

(1) The appointment of the existing superintendent, E. Daniels.

(2) The appointment of some officer of the Department of Education.

(3) The appointment of some person such as a retired superintendent of schools who might be available.

In considering this last alternative, the Minister and the Deputy Minister were unable to find the name of any suitable person who was available. As to the appointment of someone from the Department of Education, it was considered that the factor of distance would preclude this alternative. It did not seem that someone as far away as Edmonton could exercise the function of Official Trustee having regard to the circumstances as they appeared to exist. Nor did they feel

that the Department could at that time take one of its three available officers and send him to Fort Vermilion to be permanently stationed there for any period of time.

In view of the above considerations the Minister made the decision to appoint Superintendent Daniels as Official Trustee of the Division. This choice of Trustee and the decision to appoint an Official Trustee were then incorporated in an order under the School Act. Instructions were accordingly given to Assistant Director Wetter to prepare the order as one of the activities normally pursued by his office. This order was duly typed and signed by the Minister on this same day. The order read as follows:

> Department of Education, Edmonton.
> Friday, November 20, 1964.
>
> Under the provisions of Section 75 of the School Act, 1955, I hereby appoint E. R. Daniels, Superintendent of Schools, Fort Vermilion, Alberta, as Official Trustee of the Fort Vermilion School Division No. 52 of the Province of Alberta.
>
> This order shall be effective immediately.
>
> R. H. McKinnon, Minister of Education.[90]

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[90]Order under the School Act, proclaiming Official Trustee for Fort Vermilion School Division No. 52, November 20, 1964, contained in the files of the Department of Education, Edmonton, Alberta.

In accordance with the provisions of this order the Deputy Minister sent two telegrams. The first of these was sent to the Chairman of the Board and read:

> R. A. Backstrom, Chairman,
> Fort Vermilion School Division,
> Fort Vermilion, Alberta.
>
> Minister of Education has appointed E. R. Daniels to be Official Trustee of Fort Vermilion School Division effective today. Divisional School Board ceases to hold office forthwith. See Section 75 of the School Act.[91]

A second telegram was sent to Superintendent Daniels informing him of the Minister's decision.

> Mr. E. R. Daniels,
> Superintendent of Schools,
> Fort Vermilion, Alberta.
>
> Minister of Education has appointed you today to be Official Trustee Fort Vermilion School Division No. 52. Divisional School Board ceases to hold office as of today. See Section 75 of the School Act.[92]

In thus appointing Superintendent Daniels to be Official Trustee of the Division, the Minister of Education

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[91]Telegram from Dr. Swift, Deputy Minister of Education, to Mr. R. A. Backstrom, Chairman of the Fort Vermilion School Division Board, November 20, 1964, contained in the files of the Department of Education, Edmonton, Alberta.

[92]Telegram from Dr. Swift to E. R. Daniels, November 20, 1964, contained in the files of the Department of Education, Edmonton, Alberta.

created a situation in which the elected Board of School Trustees ceased to hold office.

XI. THE OFFICIAL INQUIRY

On April 1st, 1965 an Order in Council 654/65 under the signature of the Lieutenant Governor and the Chairman of the Executive Council, Ernest C. Manning, was promulgated with the direction

> to investigate and to report upon the events and causes leading to the appointment of an Official Trustee for the Fort Vermilion School Division No. 52 and the consequent replacement of the School Division's elected Board of Trustees.[93]

The reasons for the promulgation of this order were set out as follows:

> WHEREAS it was brought to the attention of the Department of Education by way of a special audit of the books and records of Fort Vermilion School Division No. 52 that certain irregularities may have existed in the operation of the School Division; and
>
> WHEREAS the Minister of Education by order pursuant to Section 75 of the School Act appointed an official trustee to conduct the affairs of the School Division; and
>
> WHEREAS upon such appointment and by the operation of the said School Act the Board of Trustees ceased to hold office; and

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[93] Report of the Commissioner, Public Inquiry under the Public Inquiries Act, Chapter 258, R.S.A. 1955, February, 1966, p. 1.

WHEREAS by a petition a large number of residents of the School Division have requested that the Minister of Education make arrangements for the termination of the official trusteeship by calling for the election of a board of trustees; and

WHEREAS the Fort Vermilion Area Board of Trade has the said petition and has further urged the Government of the Province of Alberta to establish a judicial inquiry to investigate the affairs of the School Division and the events leading up to the removal of the elected Trustees; and

WHEREAS this is a matter of public concern and it is deemed expedient and in the public interest to cause a public inquiry to be made into the aforementioned matters;

THEREFORE upon the recommendation of the Honourable the Attorney General, the Executive Council advises that his Honour Judge Nelles V. Buchanan, Retired, be and is hereby appointed a Commissioner to investigate and to report upon the events and causes leading to the appointment of an Official Trustee for the Fort Vermilion School Division No. 52 and the consequent replacement of the School Division's elected Board of Trustees ...[94]

All of the sittings of this Inquiry, occupying twelve and one half days, between July 19th and August 4th, 1965, were held in the gymnasium of the Fort Vermilion School.

During the course of this inquiry evidence was heard from the Deputy Minister, the Director of School Administration, Field Officers Penrice and Shogren and Superintendent Daniels, members of the Department of Education; from Trustees Northey,

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[94] Court Transcript, Volume 1, pp. 2-4.

Driedger, Backstrom, Froese and Lambert; from the Secretary-Treasurer and Mr. de Kleine; and from Constable R. S. Zaharia, a member of the Royal Canadian Mounted Police. Testimony was given by Mr. Holm the representative of the Division's auditors, Nash and Nash, and from Mr. John Clary, C.A. who was appointed adviser to the Commission in accounting matters.

During this inquiry Mr. William Henkel was assigned by the Attorney General as counsel to represent the Department of Education, Mr. Howard Irving was retained on behalf of the Official Trustee, E. Daniels, and Mr. Sol Estrin was retained on behalf of four of the five trustees who by statutory provision ceased to hold office upon the appointment by the Minister of Education of the Official Trustee. The former chairman of the Board, R. A. Backstrom was unrepresented by counsel at the hearings.

The Duties of the Commission and Its Scope

The duty imposed upon the Commissioner by the Order in Council was stated as follows:

> ... to investigate and to report upon the events and causes leading to the appointment of an Official Trustee for the Fort Vermilion School Division No. 52 and the consequent replacement of the School Division's elected Board of Trustees, with particular reference to the following:

1. Internal Administration.
2. Capital and current expenditures.
3. Construction and maintenance of school buildings.
4. Relationship with the Department of Education and its officials.
5. Personnel policies.
6. Such other matters concerning the School Division as the Commissioner deems relevant to this Inquiry.[95]

When speaking of the instructions contained in the Order in Council the Commissioner stated:

> ... The significant words in the portion of the order in council cited are to "report upon the events and causes leading to the appointment of an Official Trustee." He was further of the opinion that if, in the search for effective causes, it were found that any of the possible areas of interest referred to in the six sub-headings, important though they might be in themselves, played no part whatever in the making of the decision to appoint the Official Trustee, those areas need not be given extensive time in the inquiry.[96]

This intention was demonstrated on several occasions during the hearings that were conducted. Throughout the hearings, Mr. Estrin, counsel for the School Trustees, sought to direct the attention of witnesses to services that had been rendered to the Division by Western Construction Consultants Ltd., and its subsidiary, South Bend Structures Ltd. For example, when questioning the Director of School

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[95] Court Transcript, Volume 1, p. 4.

[96] Report of the Commissioner, op. cit., p. 27.

Administration the following exchange took place:

> Mr. Estrin: To your knowledge was not an investigation carried out with regard to Western Construction Consultants concerning certain aspects of the Spirit River School Division.
>
> Mr. Irving: Sir isn't this ...
>
> Commissioner: Just a minute, I am not interested in Spirit River.[97]

In the questioning of witnesses during the Inquiry, Judge Buchanan refused to allow any matters to be brought to attention that had no direct bearing upon the matters relating to the decision by the Minister to appoint an Official Trustee.

The Order of Events Preceding the Appointment of an Official Trustee

During the course of the Inquiry the order of events preceding the appointment by the Minister of Education of the Official Trustee was established. In the Report of the Commissioner, the main events which he considered to be of significance were:

1. The reports of Superintendent Giles of July 3rd and August 5th, 1963 which were "severely critical

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[97] Court Transcript, Volume 5, p. 79.

of Secretary-Treasurer Dunn".

2. The visit of Field Officer Penrice to the Division in October, 1963.

3. The Banff conversations between the Secretary-Treasurer, the Director of School Administration and Field Officer Shogren.

4. The confidential report of August 20, 1964 by Superintendent Daniels to the Director of School Administration and the September 4th report from the Superintendent to the Board.

5. The Interim Audit.

6. The visit of Messrs. Penrice and Shogren to Fort Vermilion and their subsequent report.

7. The Special Audit.

8. The Deputy Minister's telegram to the Trustees on November 18th requesting advice on what action the Board proposed to take concerning the matters revealed in the Special Audit.

9. Chairman Backstrom's reply telegram on November 19th to the effect that the Board would place the Secretary-Treasurer on probation.

10. The appointment of an Official Trustee.[98]

These events were those revealed during the course of the Inquiry which the commissioner felt were central to the decision by the Minister in formulating his decision to appoint an Official Trustee to the Fort Vermilion Division and it was in connection with these events that the elucidation of

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[98]Report of the Commissioner, op. cit., pp. 21-24.

testimony was directed.

The Performance of the School Board Members

In presenting his findings the Commissioner was most emphatic in establishing his belief in the honesty and integrity of the Trustees of the Division and his report stated:

> It should be stated, with emphasis, that throughout the entire Inquiry I heard not a whit of evidence that led me to doubt in the slightest the integrity of any trustee. The declaration by Trustee Driedger, "I wanted to be a good trustee." (Vol. XIII, p. 17) could well have been uttered by every one of his colleagues. Nevertheless, it must be said that the Trustees lacked not only administrative experience but appreciation of their responsibilities under the Act ...[99]

On many occasions, in the questioning that took place during the Inquiry, evidence was adduced to support the conclusions of the Commissioner that the Trustees lacked administrative experience and an appreciation of their responsibilities. During the testimony given by Chairman Backstrom, for example, the following exchange took place:

> Mr. Irving: Did you ever actually read the Section 199 of the School Act, sir, that describes the duties of the chairman?

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[99]Report of the Commissioner, op. cit., p. 34.

Mr. Backstrom: I don't know if I have or not.

Mr. Irving: In any event, you realize it was your obligation as chairman to exercise a general supervision over the affairs of the Division; did you realize that while you were chairman, sir?

Mr. Backstrom: I don't think, not particularly, no.

Mr. Irving: Did you realize it was one of your obligations as Chairman to exercise leadership of the Division?

Mr. Backstrom: I felt that the leadership consisted of conducting meetings, and as far as taking over specific tasks in the Division, I wasn't too available to do this.

Mr. Irving: I see. Well, I understand, sir, that generally speaking because you were new at the job, you relied upon Mr. Dunn to tell you what should and should not be done by the Chairman, is that correct?

Mr. Backstrom: To a great extent, I did, yes.[100]

Evidence was also adduced during the Inquiry to show that the Chairman was not fully conversant with accounting and book-keeping procedures and as such could not provide an adequate check upon these procedures in the Divisional Office:

Mr. Irving: In any event sir, when you would sign these transfer of monies from the general account to the Payroll Account,

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[100] Court Transcript, Volume 8, p. 107.

before doing so would you actually review the payroll journal?

Mr. Backstrom: No, I wouldn't.

Mr. Irving: I understand that you didn't do this because you wouldn't have understood the payroll journal anyway?

Mr. Backstrom: That's right.

Mr. Irving: And it would not have done you any good even if you had looked?

Mr. Backstrom: That's correct. Not without Mr. Dunn sitting there and ... explaining to me for a considerable length of time.[101]

During the questioning of other trustees evidence was given to support the Judge's belief that the Trustees were not fully aware of their responsibilities. When being questioned upon the Secretary-Treasurer's indebtedness to the Division, Trustee Froese, a member of the accounts committee was asked:

Mr. Redmond: While we are dealing with this matter of the approval of accounts and the way in which these were processed by the committee and by the Board, looking at page six of the special audit, there is an item "Payroll Account", and it is entitled by Mr. Holm "unauthorized expense cheques paid out of single signature payroll account," and you will see that one of these pay-

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[101] Ibid., Volume 12, p. 110.

ments is said to be for conveyance, one for travel, four for travel, and one for a meter deposit. Have you any knowledge as a member of the accounts committee that payments were being made out of the payroll account for items of this kind?

Mr. Froese: No.[102]

Further evidence of this lack of awareness on the part of the trustees was given in the testimony of the other trustees. A further example may be cited in the testimony of Trustee Lambert when being questioned in regard to advances that she had received in connection with supervisory work that she had carried out for the Division:

Mr. Irving: While in showing you the supporting material for the July 24 cheque, wouldn't you agree with me that this is completely inadequate to allow anybody who might inspect the books to see if this was a proper payment?

Mrs. Lambert: I don't know sir.

Mr. Irving: Well, it doesn't say what meeting you attended or what supervision you had engaged in, does it?

Mrs. Lambert: No, sir.[103]

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[102] Court Transcript, Volume 12, p. 110.

[103] In his summary the judge stated:

A search of Board minutes for the year 1963-1964 indicates that no resolution whatever was passed during those years in respect of "administrative or supervisory work" by trustee, whether authorizing such work in advance or approving, post factum, the doing of emergent work -- all in contravention of Section 189 of the Act. p. 45.

Mr. Irving: It doesn't tell the mileage -- there is absolutely no way in which the auditor on looking at this information could possibly determine whether you were underpaid or overpaid. Is that correct?

Mrs. Lambert: Yes, sir.[104]

In his summary of evidence upon the performance of the School Board and of the Secretary-Treasurer, the Commissioner gave the following summary of those matters which, in his opinion, reflected upon their efficiency and capacity:

1. Overdrafts and loan balances indicated that the Division was in a very serious financial condition, a situation attributable to the fact that among other occasions, Mr. Dunn:

(a) failed to submit requested information to the Department, in regard to the 1964 budget essential to the giving of advice thereon by the Department -- thereby barring submission to the authorities of a supplementary requisition for funds. (Section 304a ss9)

(b) failed to submit to the Department of Municipal Affairs representing L, I, D's any supplementary requisition for funds.

(c) failed to submit a claim to the Department for a special grant, badly needed to apply against bank loans and only secured, finally, at December's end, under the administration of the Official Trustee.

(d) failed to deposit with promptness funds received for credit of the Division, some of substantial amount, thus adding unnecessarily to payment of interest.

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[104] Court Transcript, Volume 12, pp. 71-72.

(e) failed to apply for and secure prompt payment of funds due the Division of $4,065.00 owing by Northland School Division.

2. The Board had habitually permitted the making of staff advances, out of Divisional funds, some of the most irregular being:

(a) On August 26, 1964, to Mr. A. K. Backstrom, a teacher, mother of the Board Chairman, $1,000.00 -- to complete the construction of a farm home.

(b) On August 26, 1963, to J. Khullar, a well paid teacher, $400.00 -- allegedly to pay a brother's fees at Toronto University.

(c) On September 23, 1963, to Mrs. Olive Lambert, $100.00 "to buy a lovely saddle horse for myself."

(d) To Mr. Dunn, Secretary-Treasurer,

(i) On February 29, 1964, $100.00, by cheque on payroll account, to the Receiver General, for application on his personal income tax arrears, without record of any kind on Divisional books, until traced by the auditor.

(ii) On April 20, 1964, $400.00 -- for the purchase of a car -- also by cheque on payroll account, not recorded in Board Minutes as having been authorized.

(iii) In August 1964 -- by way of premature payment of salary expressed to Chairman Backstrom to be for the purchase of material for use in the construction of the Dunn Coin Laundry. (Vol. 7, p. 106).

3. On October 30, 1964, the indebtedness of employees to the School Division totalled $2,623.00 of which $500.00 was owing by Mr. Dunn. In addition, Mr. Dunn was indebted to the Division for a further $779.00 in respect of a series of items not deducted from monthly salary.

4. Mr. Dunn though pleading overwork as secretary and asking for an assistant, nevertheless gave time to the construction and operation of a coin-laundry, as a private

enterprise, to the neglect of his work with the Division. Lacking adequate funds for this enterprise, he in part financed on Divisional funds by habitually taking his pay cheques in advance and carrying a personal debit balance on the Division's books.

5. The Board either by reason of their inexperience, their ignorance of office routine and of the requirements of the School Act, or from over confidence in their Secretary-Treasurer, permitted the following:

(a) The payment of one out of every six accounts paid between January 1 and October 30, 1964, had not been authorized and approved by the Board in a manner satisfactory to an auditor.

(b) Improper, inadequate, careless handling of petty cash: an audit at October 31, 1964, would have shown $100.00 petty cash unaccounted for (Mr. McClary, Volume 8, p. 152).

(c) Partly, no doubt, because up to October 1, 1964, cheques on the Payroll Bank Account required but one signature (that of the Secretary-Treasurer), that account was used for purposes for which it was not intended; its use transgressed sound accounting principles and the purpose for which it was established. (Act, Sec. 193 (2)).

(d) With unhealthy frequency, accepted cheques allegedly due them for meeting attendances, mileage, administrative and supervisory work which were not properly supported by expense account sheet and voucher thereof.

(e) The issue of cheques to Board members for administrative and supervisory work without compliance with the statutory provision of Section 189 (2) of the Act, requiring that such work unless emergent must be authorized in advance by the Board.

(f) failed to demand and receive from the Secretary-Treasurer monthly financial reports which would have revealed careless bookkeeping methods, income available

but not received.[105]

During the course of the Inquiry, Mr. McClary, the advisor to the commission in accounting and bookkeeping procedures, made a detailed examination of the books of the Division and was present to hear evidence that was presented by all parties. McClary had had quite extensive experience in the auditing of municipal and school books of record and in general business and accounting procedures throughout the Province. His opinion substantiated that of the Commissioner that the accounting and bookkeeping procedures of the Division were not those that were normally expected by persons competent in their duties. During the cross examination that took place in the inquiry he gave the following opinions:

Mr. Irving: ... One final question, Mr. McClary. From your own field as a chartered accountant, and from the information you have about the Fort Vermilion School Division office, would you say that the many discrepancies and errors in your own particular field that are noted would constitute a very marked departure from the standards by which responsible and competent persons in charge of Divisional offices habitually govern themselves?

Mr. McClary: It would be my opinion, sir, that the standards maintained in the accounting

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[105] Report of the Commission, op. cit., pp. 29-33.

were not what I would usually expect, as an auditor, in a municipal office, if this answers your question.

Mr. Irving: They were far below it, were they not?

Mr. McClary: Yes.[106]

Evidence of Trustees' Attempts to Remedy Deficiencies in Their Administration

During the course of the inquiry, evidence was adduced to show that the Trustees of the Division, while they may not have shown sufficient supervision of the affairs of the Divisional Office, were genuinely anxious to achieve the more efficient operation of the Division as a whole.

The Maintenance and Building Programs. It was perhaps the 1964 building and maintenance programs that were of most concern to the Divisional Trustees. During the Inquiry, Trustee Northey expressed this opinion:

Mr. Redmond: Yes, now we have heard evidence from previous witnesses to the effect that time was spent by the Board and Secretary-Treasurer in the early part of 1964 working out a maintenance program, and I am wondering whether the plant maintenance or the building

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[106] Court Transcript, Volume 13, p. 102.

committee, or both of these, would be involved in receiving reports and deciding what maintenance would be done?

Mr. Northey: Yes, I believe both committees were involved in that this became quite a major concern of the Board, maintenance generally as a result of the survey that had been conducted.[107]

It was because of their great concern over the maintenance in the Division that the Trustees had given the Secretary-Treasurer added duties in the field and had engaged the services of de Kleine in the Divisional Office.

At the April 8th, 1964, meeting of the School Board, the Trustees had dispensed with the services of Western Construction Consultants. In the minutes of this meeting two main reasons were advanced for the termination of these services:

1. That the services which Western Construction Consultants purported to render to the Board were architectural, in which, by law, they were not entitled to engage. Consequently, any architectural contract entered into by them and the Board to render such services could not be enforced.

2. That their involvement with the Spirit River School Division now under investigation has to some extent undermined the confidence of the Board in their ability to discharge the high standard of trust which is to be expected of persons placed in

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[107] Court Transcript, Volume 13, p. 24.

> the position of professional advisers to the Board in matters of such extreme importance, and, in addition, there exists great uncertainty that in their being able to carry out the duties which they have undertaken to perform.[108]

Trustee Northey was particularly disturbed about the performance of this firm and felt that the quotations that they had given the Division were very much over-priced. He also felt that procedures that had been arranged in previous years with this firm regarding construction in the Division were incorrect. In speaking in evidence he stated:

> ... I felt that the contractors under this method of construction, they didn't have professional performance bonds, they didn't have a maintenance bond and this Division and the taxpayers in Alberta were taken over a period of two or three years for a hundred thousand dollars which I considered a serious matter. And it was making this division look ridiculous in that this would be our special grant, and it puts us in the position of a group of poppers (sic) really in that it was unnecessary.[109]

Upon the dismissal of Western Construction Consultants the Board hired Mr. Munzel of Munzel and Associates, Edmonton, as architect, to advise on building and maintenance matters. Under his guidance the Board rectified, what in their opinion,

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[108]Minutes of the Fort Vermilion School Board meeting of April 8th, 1964.

[109]Court Transcript, Volume 13, p. 65.

had been deficiencies of procedures, in their dealing with Western Construction Consultants and felt that with the guidance of a qualified architect the building and maintenance programs would be put on a sound footing. In speaking of the steps that the Board had taken, Trustee Northey commented:

> If we do get poor building in this area in future ... the taxpayer is not going to suffer as a result of that.[110]

The Use of Committees. During 1964 the Fort Vermilion Board members instituted a number of committees to deal with various aspects of administration of the Division (vide. supra., pp. 215-216). The reasons for the formation of these committees was outlined by Trustee Northey during the Inquiry:

> Mr. Redmond: Did you play some part in the adoption of the idea of appointing committees?
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> Mr. Northey: I spoke on it, at my first meeting there seemed to be a number of delegates coming to our meetings, bus drivers, and there was a lot of discussion on various topics that we didn't seem to be too well informed on, and I felt that ... to make a more efficient operation and reduce the time spent at meetings that a lot of this groundwork could be done by committees.[111]

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[110] Ibid., p. 66.

[111] Court Transcript, Volume 13, p. 22.

The Trustees felt that by delegating certain areas of operation to committees they would be able to provide a more efficient supervision of the work of the Division. The duties of each of these committees varied according to its purpose. Some idea of the duties of the bus committee members, for instance, was given by Trustee Lambert during the Inquiry:

> Mr. Estrin: Now, as a member of the bus committee, what did you do?
>
> Mrs. Lambert: I attended bus committee meetings. I went on bus routes examining the length of the bus route and the loads on the buses.
>
> Mr. Estrin: Yes, and the which on the buses?
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> Mrs. Lambert: The loads.
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> Mr. Estrin: Yes.
>
> Mrs. Lambert: The number of pupils ... and when we had an over-load we had to make provision for the over-load by putting an extra bus on.
>
> Mr. Estrin: I see.
>
> Mrs. Lambert: In some cases we had to lengthen a bus route.[112]

In his testimony during the Inquiry, Trustee Froese, a member of the accounts committee outlined the manner in which this committee functioned:

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[112] Ibid., Volume 12, p.84.

Mr. Redmond: Now, I am wondering if you could tell me first of all how the accounts committee itself functioned. For example, how often did it meet?

Mr. Froese: We usually met twice a month, but later on in the year we changed to two evening meetings, and then we just did it after the meeting.

Mr. Redmond: So that in the early part of the year you would have a separate accounts committee meeting once a month?

Mr. Froese: Once a month, yes.

Mr. Redmond: And then when the Board began to hold evening sessions twice a month the accounts committee would have its meeting, did you say after the meeting?

Mr. Froese: That's right, just right after the meeting.

Mr. Redmond: Now, how did the committee go about considering the accounts that were to be paid? Lets take suppliers accounts first of all, accounts payable for materials purchased, services rendered, and that sort of things.

Mr. Froese: We would first go through the invoices, check them, and initial the invoices as we went through. I would sometimes check the addition on these, all these invoices, and then I would sign the voucher, to see if it would jive (sic) with the voucher, then I would sign the voucher.[113]

Although other aspects of the evidence presented during

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[113] Court Transcript, Volume 12, pp. 95-96.

the Inquiry revealed that the administration of the Division left much to be desired, it did appear that in the formation and operation of these committees the Trustees did attempt to adopt measures that would ensure a more adequate supervision of the Division's operation and which would lead to its more efficient operation.

The Trustees' Supervision of the Secretary-Treasurer. Much of the dysfunctional operation of the Fort Vermilion School Division could be traced to the inadequate performance of his duties by the Secretary-Treasurer and in the questioning that took place during the Inquiry an effort was made by the various counsel to establish the reaction of Trustees to the contents of Superintendent Daniels' report, the Interim Audit, and the Special Audit, with respect to the performance of the Secretary-Treasurer and of the remedial measures that they adopted in view of these reports.

Following the receipt of Superintendent Daniels' report of September 4th, the Trustees held a special meeting at the Fort Vermilion School to discuss its contents and to decide what action should be taken on the basis of the criticisms it contained. During the Inquiry the following conversation related to this meeting took place between Mr. Redmond and

Trustee Northey:

Mr. Redmond: ... tell me whether, first of all, yourself, whether you personally felt that any of those criticisms of Mr. Daniels were justified, and if so, which ones?

Mr. Northey: Well, at the time of presentation perhaps all were justified, we didn't know, but this was the reason for the meeting, more or less adjourning and going to the School Division office and requesting that the Secretary come over and explain these alleged inadequacies to the Board.

Mr. Redmond: Yes. Now did he do that?

Mr. Northey: He did.

Mr. Redmond: And what was your view personally, first of all, as to the explanation? Did you consider that all of the complaints had been satisfactorily explained?

Mr. Northey: They were satisfactorily explained, and the justification although we at that time knew that the administration left a lot to be desired, we felt that additional duties that had been imposed on the Secretary, due to the thought of the Board that our building program took priority over details of administration, which could be caught up at a later date.

Mr. Redmond: Now, when you asked Mr. Dunn about these things did he deny that the complains were true or did he explain reasons why they could be justified, that is, why his position could be justified?

Mr. Northey: If I remember correctly he gave explanations to a number of the complaints and there were some that he said he had overlooked or neglected to do.

* * * * * * *

Mr. Redmond: Now as far as the explanations were concerned, you said you felt that Mr. Dunn had given reasons why these deficiencies existed, did the other members of the Board indicate their views at this meeting, do you recall?

Mr. Northey: They did.

Mr. Redmond: And what were the views collectively of the Board then?

Mr. Northey: Well, this was September, and we did realize it would take a certain amount of time to orientate a new assistant, and which we had engaged in July, we were assured this work was coming along quite well and ...[114]

Although they realized that the criticisms contained in Superintendent Daniels' report were correct, the Trustees were prepared to give the Secretary Treasurer the benefit of the doubt and attribute many of the deficiencies to the added burdens that had been imposed upon him in connection with the supervision of bus services and with the building and maintenance programs. The Trustees were prepared to allow

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[114]Court Transcript, Volume 13, pp. 33-36.

the Secretary-Treasurer until the end of the year in which to remedy the deficiencies that were apparent in his work with the implication that if no improvement was shown, his services would no longer be required.

The conclusions reached by the Trustees at this meeting were perhaps, important to an understanding of their reaction to the Interim and Special audits for many of the deficiencies contained in these audits were already known to them from this meeting. The decision that they made at this meeting was somewhat consistent with their reactions to these subsequent reports in that they had given the Secretary-Treasurer until the end of the year in which to improve matters within the Divisional Office.

Trustee Northey's reaction to Field Officer Shogren's criticisms at the meeting of October 21st, sum up the attitude of the Board at this time:

Mr. Redmond: Can you tell me in a little more detail what you understood him to be saying are the things that were wrong?

Mr. Northey: Most of the points that had been brought up we had reviewed them. Of course, as a result of the special audit and prior to this, we did realize, and it also covered a period that, mainly from the beginning of the year to a period of June when the Board realized that there wasn't

sufficient time provided to the Secretary to have everything up to date but they felt it would be caught up at a later date. And they put top priority on our building program at that time.

Mr. Redmond: Yes, now as far as Mr. Shogren's criticisms about the state of things in the office was concerned, I take it, you felt that those criticisms were not warranted?

Mr. Northey: They were warranted, but I felt that he would have had an explanation of them by, if he had of asked the trustees, if he had of asked the Secretary-Treasurer, I'm sure he could have obtained a satisfactory explanation as to some of the apparent inadequacies.[115]

This testimony of Trustee Northey seemed to indicate that what the Department of Education considered to be inadequate measures on the part of the Trustees to rectify the deficiencies shown in the Interim Audit and the Special Audit were from the point of view of the Trustees, consistent with the decision that they had taken at the meeting of September 5th.

The Decision of the Commissioner

At the conclusion of this Inquiry the Commissioner, after carefully weighing the evidence that had been presented

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[115] Court Transcript, Volume 13, p. 42.

during the twelve and one half days, prepared a report for submission to the Executive Council in which he stated the following conclusions:

> In my view the evidence adduced before me in the course of the Inquiry at Fort Vermilion, ... established fully -- over-whelmingly -- that the Minister, in appointing on November 20, 1964, an Official Trustee for Fort Vermilion School Division No. 52 -- thereby replacing the Division's elected board of Trustees, was completely justified in so doing and that to have delayed the appointment would have been detrimental to the welfare of the Division and therefore unwarranted.[116]

Recommendations and Suggestions of the Commissioner

At the conclusion of his report on the events of the Judicial Inquiry, the Commissioner put forward a list of suggestions and recommendations based upon the evidence that had been presented during the Inquiry. During the Inquiry, evidence had been presented to indicate that clashes had occurred between the Secretary-Treasurer and both Superintendent Giles and Superintendent Daniels, in relation to the definition of their respective duties within the Division. In his evidence, the Deputy Minister of Education had stated that such clashes were infrequent but the Commissioner, in considering the Fort Vermilion case made the following recommendation:

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[116]Report of the Commissioner, op. cit., p. 51.

> Thought might be given as to whether the time has not now arrived for the amendment of the Act making the superintendent the appointee and employee of the Division rather than of the Department; or in the alternative, to defining most definitely the relationships between superintendent and Secretary-Treasurer.[117]

Evidence presented during the Inquiry indicated that the Trustees of the Division had had little, if any, previous experience in public affairs and did not possess the administrative experience necessary to administer with skill budgets in excess of half a million dollars. The Commissioner expressed the opinion that:

> ... it should be expected that boards with little or no administrative experience will be elected and will come to grief if not assisted by trained and skilled administrators bent on coaching rather than criticising...[118]

While recommending that such assistance was highly desirable, however, the Commissioner did realize that the Division of School Administration, having as it did at that time only three field administrative officers, who were required in addition to their office duties to attend to routine administrative work throughout the Province, was in no position to give a division such as Fort Vermilion the

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[117] *Ibid.*, p. 51.

[118] *Ibid.*, p. 54.

urgent assistance it required at the time required. The Commissioner made the observation that this staff of three field administrative officers was inadequate with the implicit recommendation that the size of this force should be substantially increased.

The Commissioner pointed out that Section 194 of the School Act provided for the bonding of treasurers of school divisions. The evidence that was presented during the Inquiry indicated that in practice the Department supervises bonding and that the bonding is of the office rather than the particular applicant for that office. The Commissioner therefore, made the following recommendation:

> If fidelity bonds are insisted upon the direct application of the division on behalf of a particular applicant it is suggested that a more complete investigation of the applicants would result.[119]

The Special Audit had contained criticisms of the use of Trustee Northey's aircraft to convey Trustees on Divisional business, pointing out that the sums expended on such air trips exceeded the amounts allowable to be paid to Trustees under the School Act. In an outlying area such as Fort Vermilion School Division, however, when air transport is the only means

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[119] Ibid., p. 58.

available, the Trustees were forced to avail themselves of the use of Mr. Northey's services. When speaking of this matter, Judge Buchanan stated that Trustee Northey rightly feared that the use of these services might conflict with the prohibitions of Section 89 of the School Act.[120] The Judge, therefore, made the recommendation that an amendment of this section of the School Act should be considered to take into account the unusual circumstances as they existed in the Fort Vermilion School Division and which could exist in similar outlying divisions.

A fifth recommendation made by the Commission was that Section 209 of the School Act, dealing with special audits should be amended to give more detailed instructions to the auditors as to the period to be covered, the nature and content of the audit and instructions as to its distribution, after the style of Section 205 (2).[121]

XII. CONCLUSION

This chapter has described the events that occurred between August 1962 and November 1965 which were connected

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[120] Ibid., p. 56.

[121] Ibid., p. 56.

p. 25.

p. 25.

with the decision of the Minister of Education for Alberta to appoint an Official Trustee to the Fort Vermilion School Division No. 52 on November 20th, 1964. The following chapters attempt to analyse the series of decision cycles in this case and to give some insights into the decision-making process that occurred.

CHAPTER VII

THE DECISION MAKING CYCLES OF THE DEPARTMENT OF EDUCATION

I. INTRODUCTION

Within most formal organizations, the participants are subject to the direction and control of a controlling body. This is true of the educational setting, where this controlling body is the school board. The school board is responsible for both legislative and judicial decision-making tasks. When a school board decides upon questions of policy, that is to say, when it sets out the goals of its system and the means by which they can be attained, it performs a legislative function. When it assesses and adjusts the operation of such policies, it may be said to be exercising a judicial function.[1]

These decisions of a political and judicial nature which are made by school board members depend upon decisional premises from two basic external sources. These are:

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[1]Roald F. Campbell, John E. Corbally, and John A. Ramseyer, Introduction to Educational Administration (Boston; Allyn and Bacon Inc., 1965), p. 125.

(1) The Provincial Legislature.

(2) Its professional staff from which it derives necessary advice, information and judgment.

School boards in Alberta are the creatures of the Provincial Legislature and all decisions that they make are made within the limitations of the powers that it has granted to them, while at the same time decisional premises may even be dictated. The School Act, for instance, contains clauses wherein it is stated that the school boards "shall" carry out certain duties and other decisional premises take the form of suggested action contained in clauses which state that a board "may" carry out certain functions.

The legislature exercises a high degree of formal authority over school boards in the Province. This authority may be exercised by the use of significant sanctions, among which are financial grants and the legal power, if necessary, to remove a board from office. Such sanctions are one means of influencing a school board's decision-making to comply with the overall policy and planning set down by the Provincial Legislature.

It is the purpose of this chapter to identify and examine the series of decision-making cycles that occurred within the events set down in Chapter Five and to attempt to

(1) The provincial legislature.

(2) The provincial legislature shall make provision for the establishment of a school or schools for the education of children of the Roman Catholic or Protestant minority of the population.

(3) Where the provincial legislature makes provision for the establishment of separate schools or classes pursuant to subsection (2), such provision shall not be less favourable in respect of those schools and classes that are established by the law for the Roman Catholic or Protestant minority of the population of the province at the time the provision is made.

(4) In and for any province to which subsection (3) applies, an appeal lies to the Governor General in Council from any act or decision of any provincial authority that affects any right or privilege of the Roman Catholic or Protestant minority of the population of the province or of the Queen's Roman Catholic subjects in relation to education, where no such right or privilege exists at the time of the coming into force of this Act, from any act or decision of any provincial authority in relation to education that prejudicially affects any right or privilege with respect to education that the Roman Catholic minority of the population of the province may be entitled to have by law or practice at the time of the coming into force of this Act.

(5) Where an appeal is brought pursuant to this section and the matter is not disposed of by remedial law of the province within such time as the Governor General in Council considers necessary in the circumstances, the Governor General in Council may, in relation to the matter, make such remedial laws as are contemplated by subsection (2) and as seem to the Governor General in Council appropriate for the due execution of the provisions of this section, and any remedial law made by the Governor General in Council that is stated to be made pursuant to this subsection has effect notwithstanding anything in any Act of the Parliament of Canada or the provincial legislature that is in force at the time the remedial law is made.

define some of the significant characteristics of the decision-making process within the Department of Education that took place in connection with the events and causes leading to the decision of the Minister of Education to replace the Fort Vermilion School Board by an Official Trustee.

II. THE FIRST DECISION CYCLE

The decision of the Director of School Administration to send Field Officer Penrice to the Fort Vermilion Divisional Office in October, 1963, may be identified as the Remediation Stage of a first decision cycle that occurred within the case. For the purposes of analysis, this cycle may be identified to contain those events that took place between the submission by Superintendent Giles of his report of August 5th, 1963 and the visit of Penrice to the Division.

The Stage of Awareness

The process of decision-making will commence in an organization with respect to the presence of some dysfunction in its operation, when one of the members of this organization perceives and responds to that dysfunction. In order for the decision-making process to commence within the Department of

Education with respect to any perceived dysfunction within the operation of a school district or division, therefore, it is necessary that the presence of such dysfunction be communicated to the officials of this Department. In speaking of the information transmitting function, Cyert et al., state that "it is crucial to organizational decision-making, for it almost always involves acts of selection or 'filtering' by the informational source."[2] The decision-maker within the Department of Education, in formulating any decision regarding the activities occurring within a school division will usually rely upon information that is forwarded to him by subordinates and as such his decision will be influenced by the nature of the information that is supplied.

The officials of the Division of School Administration first became aware of what appeared to be dysfunctions in the operation of the Fort Vermilion School Division through the reports of the Superintendent which were submitted on July 3rd and August 9th, 1963, in which he was highly critical of the performance of the Secretary-Treasurer. The contents

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[2]Richard M. Cyert, H. A. Simon and D. B. Trow, "Observation of a Business Decision," in Albert H. Rubenstein and Chadwick J. Haberstroh, Some Theories of Organization (Homewood, Ill: Richard D. Irwin Inc., the The Dorsey Press Inc., 1960), p. 469.

of these reports indicated to the then Director of School Administration, Dr. Chalmers, the following aspects in which the administration of the Division appeared to be deficient.

(1) The Secretary-Treasurer appeared to be either very inefficient or extremely incompetent in the organization and administration of the Divisional Office.

(2) The evidence of inadequacies in the performance of the Secretary-Treasurer's duties appeared to indicate a lack of adequate supervision on the part of the Divisional Trustees.

(3) There appeared to be an apparent deterioration of relationships between the Superintendent and the Secretary-Treasurer.

(4) The Secretary-Treasurer appeared to be exceeding the authority of his position, for if he was calling a special board meeting on his own initiative and without notifying the superintendent and other trustees, he was violating Section 165 of the School Act.

(5) The Secretary-Treasurer appeared to be ignoring the directives of the School Trustees, e.g. in his failure to bill teachers for electricity at Rocky Lane.

Since its formation in 1945, the Fort Vermilion School Division had had a history of difficulty in the ability to finance its operation and capital expansion, and in its ability to secure and retain the services of qualified and competent office staff for the Divisional Office. The Director of School Administration was well aware of these difficulties. The receipt of the reports of the Superintendent, therefore, confirmed an

(5) The Secretary-Treasurer shall be
responsible for the general supervision
of the Secretary-Treasurer's duties
and shall be responsible for the
maintenance of the Secretary-Treasurer
Office.

(6) The Secretary-Treasurer shall be
responsible for the preparation of
all correspondence and other
documents of the Board.

(7) The Secretary-Treasurer shall be
responsible for the custody of the
Board seal.

(8) The Secretary-Treasurer shall be
responsible for the maintenance of
accurate records of all receipts
and disbursements of the Board.

(9) The Secretary-Treasurer shall be
responsible for the maintenance of
accurate records of all agreements
dealing with the terms and
conditions of employment negotiated
by the Board.

(10) The Secretary-Treasurer shall be
responsible for the maintenance of
records of all applications for
certification, complaints and
matters dealt with by the Board.

(11) The Secretary-Treasurer shall be
responsible for the maintenance of
records of all proceedings before
the Board.

(12) The Secretary-Treasurer shall be
responsible for the publication,
distribution and sale of such
documents as the Board may direct.

(13) The Secretary-Treasurer shall be
responsible for the custody and
maintenance of the Board's
equipment.

(14) The Secretary-Treasurer shall be
responsible for such other duties
as may be assigned to him by the
Board.

impression of difficulties and deficiencies that he had gained over several years.

The Stage of Reaction

While it is not a frequent occurrence, it is not unusual for the Director of School Administration to receive reports of inadequacies in the operation of a school division or district, or of shortcomings in some aspects of the performance of a secretary-treasurer. The reports of Superintendent Giles, therefore, while indicating the need for some action to rectify the dysfunctions that were becoming apparent in the operation of the Division, did not seem to require any urgent or drastic remedial measures. Past experience of similar situations indicated that the visit of a field administrative officer who could point out where deficiencies were occurring in the administration of the Divisional Office and who could suggest remedial measures, would be sufficient to rectify the situation.

Even though the evidence of Giles' reports seemed to indicate that the Secretary-Treasurer was not particularly efficient and effective in this position, the Director and his staff were fully aware that in the past it had been particularly difficult to recruit anyone to this position.

This was a particularly isolated Division and there were very few, if any, local people who were qualified or competent to take on this position. The shortage of qualified personnel had been such that in 1962, Superintendent Giles had been forced to take on the duties of Secretary-Treasurer to the detriment of his other duties and in his report to the Minister of February 1st, 1963, the Director of School Administration had reported the appointment of three different secretary-treasurers in the one year. (supra., p.149) To have dismissed the present Secretary-Treasurer, therefore, could have meant that it would be extremely difficult to find any suitable replacement. Under the terms of his employment, this secretary-treasurer had agreed to remain in the Division's employ for a period of two years. In view of the lack of qualified people available for the position, expediency dictated that measures should be adopted to improve the performance of the existing Secretary-Treasurer.

It was apparent that the Secretary-Treasurer was in need of help in establishing efficient and effective routines in the administration of the Divisional Office. If no help were forthcoming this could deteriorate. The Secretary-Treasurer, however, had indicated a desire to rectify any deficiencies and had requested that the Department of Education

send a field administrative officer to the Division to make an inspection of the Divisional Office. Ostensibly, the Secretary-Treasurer was willing to seek advice to correct those deficiencies that had been pointed out by the superintendent.

The Director of School Administration also realized, that being new to this position, the Secretary-Treasurer would possibly be unfamiliar with some of the office procedures in the Division and with some of the requirements of his position. Each year the Division of School Administration arranges a course for new secretary-treasurers and others at which these procedures and requirements are discussed and where instruction is given as to the best means of effectively carrying out the role of Secretary-Treasurer and of the duties associated with this position. This Short Course which was to take place at Banff in the following June would be one means of rectifying the deficiencies revealed in the reports of the Superintendent.

The Director of School Administration, therefore, was faced with the following alternative courses of action:

(1) He could seek the Board's action in dismissing the Secretary-Treasurer but this would have been inadvisable because:

    (i) It was particularly difficult to obtain any staff for this position.

(ii) The present incumbent had agreed to remain for two years.

(iii) Much of the existing problem could be due to a personality clash between the Superintendent and the Secretary-Treasurer.

(2) He could decide to take no action on the matter in the anticipation that the Secretary-Treasurer would improve with experience. This course of action would have appeared to have been inadvisable because:

(i) The presence of specific inadequacies in the administration of the Division as revealed in the reports of the Superintendent, indicated that if this situation were allowed to continue then further deterioration could occur.

(ii) No evidence existed at the time to suggest that the instructional programs in the schools were suffering from the dysfunctions in the Divisional Office, but should the situation continue then this could probably occur.

(3) He could rely upon the assistance of the Superintendent in rectifying the dysfunctions but:

(i) These dysfunctions had occurred in the past despite the presence of the Superintendent and hence there was little likelihood of his future success in this direction.

(ii) There appeared to be something of a "personality clash" between the Secretary-Treasurer and the Superintendent.

(4) He could instruct one of his field administrative officers to visit the Division and report on the administration and to offer advice and suggestion of a remedial nature to the Secretary-Treasurer and to the Trustees. This alternative appeared to offer most hope of success as the Secretary-

> Treasurer had requested the visit of a field administrative officer to assist him by giving advice on the administration of the Divisional Office.

In the consideration of the above alternative courses of action, the Director of School Administration was faced with several constraints upon the making of a decision. Despite the fact that under Section Five of the Department of Education Act the Department of Education has control and management over all public and separate schools in the Province, there is a tradition of a commitment to local autonomy in the management and operation of education. As such, he would be loath to interfere in school board operation unless under very special circumstances. He was further constrained in his decision by the fact that although the administration of this Division was not entirely satisfactory, the present standard of operation was vastly better than in past years and that considering the difficulties that had occurred in the past in securing competent and reliable personnel, it would be better to attempt to improve the existing staff and conditions than to attempt any changes in the Division.

The Stage of Remediation

In view of the dysfunctions that were apparent in the operation of the Fort Vermilion Divisional Office, the Director

of School Administration had to choose from the above alternative courses of action that which, in his estimation, would return the administration of the Division to a satisfactory operating level. A consideration of these alternatives revealed that the visit of a field administrative officer together with the assistance and advice that the Secretary-Treasurer would receive at the Banff Short Course would, in all probability, achieve these ends.

The visit of Field Officer Penrice to the Fort Vermilion Office in October was carried out in accordance with this decision. During this visit, Penrice investigated the accounting and business procedures of the Divisional Office and offered advice, which if accepted and followed would have led to a more effective operation within the Office. The advice given on this occasion was confirmed in a written report which he forwarded to the Director of School Administration and a copy of which was forwarded to the Chairman of the School Board.

The assistance and advice that Penrice had offered at the time of his visit to the Division was extended by conversations that he had with the Chairman and the Secretary-Treasurer while they were attending the 1963 Alberta School Trustees Convention in Edmonton. During the time of his visit to the

Division and at this later meeting, Penrice was able to implement the decision of the Director in that he pointed out to these men those areas in which the Divisional administration was deficient and the means by which it could be improved. It was the expectation of the Director and of Field Officer Penrice that if these men implemented the suggestions that they had been given on these two occasions, then the operation of the Division would return to a much more satisfactory level. Such an assumption was not unwarranted as the dysfunctions that they perceived in the operation of the Divisional Office were not yet of a serious nature.

At the Banff Short Course on June 11th, the advice that was given to the Secretary-Treasurer by the Director of School Administration and Field Officer Shogren was again given to reinforce and complement the earlier advice given by Penrice on his visit to the Division.

The Stage of Observation

In an endeavour to correct the dysfunctions that he had perceived in the operation of the Fort Vermilion School Division, the Director of School Administration and his staff had adopted the following three remedial measures:

(1) A field administrative officer had visited the Divisional Office, had offered advice

and suggestion of a remedial nature and had submitted a written report to the Board of Trustees.

(2) The advice given during the visit to the Division was further supplemented and extended during conversations held between the Secretary-Treasurer, the Board Chairman and Field Officer Penrice at the Department of Education at the time of the 1963 A.S.T.A. Convention.

(3) Advice had been offered to the Secretary-Treasurer by the Director of School Administration and the Senior field administrative officer during the Short Course for Secretary-Treasurers held at Banff during June of 1964.

The advice that had been given to the Secretary-Treasurer and to the Board Chairman on these three occasions was such that if the suggestions that had been offered were implemented, there was a high probability that the administration of the Division would have returned to a level that would have been satisfactory to the Director of School Administration.

In August of 1963, Superintendent Giles was transferred to another school division, at his own request, and his place was taken by a new superintendent, E. R. Daniels. Although relationships between the Secretary-Treasurer and Superintendent Giles had not been amicable, this change in the superintendency did offer hope of a more cooperative relationship between these two positions in the Divisional Office.

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...noitoerid ent ...

...

(5) The salvage value ...

With the change in the superintendency and having offered remedial advice to the Secretary-Treasurer and the Board Chairman, the Director of School Administration was prepared to allow further time to elapse in the hope that the remedial measures that had been adopted would have the beneficial effects that were anticipated.

Summary of Decision Cycle I

Simon in classifying types of decision has defined a programmed decision as one which is routine or repetitive and one for the handling of which the organization develops specific processes or standard operating procedures.[3] The decision which was made by the Director of School Administration to send Penrice to visit the Fort Vermilion Divisional Office, may be viewed as a programmed decision in as much as the situation which presented itself in the Fort Vermilion Division, while not frequent among school divisions, was one which was often encountered.

The remedial action initiated by the Director followed somewhat standard operating procedures for cases of this kind, for unless he was prepared to take drastic steps or to take no action at all, the provision of advice by a field admini-

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[3]H. A. Simon, The New Science of Management Decision (New York: Harper and Row, 1960), p. 8.

strative officer, having regard to a commitment to local autonomy, was one of the few available courses of action. Thus, in making his decision, the Director acted upon previous experience of similar situations and an appreciation of earlier difficulties within the Division.

The decision that he made in connection with these events was not the "best" decision possible, for such a course of action would seem to imply that the Secretary-Treasurer should be replaced by a more competent and efficient person and as such he should have sought to have influenced the Board for his removal. With the constraints of a commitment to local autonomy and of a knowledge of previous conditions pertaining to the employment of secretary-treasurers in the Division, the decision that he made was the one which was the most satisfactory, the one that was best able to satisfy the alternatives with which he was faced at that particular time.

III. THE SECOND DECISION CYCLE

A second decision cycle can be identified in the events that occurred in the case in the time period between the Short Course for Secretary-Treasurers held at Banff on June 11th, 1964 and the end of August 1964. Within this time period two

issues arose in connection with the administration of the Division which necessitated the adoption or contemplation of remedial measures by the Director of School Administration. These were:

(1) An apparent deterioration of relationships between the new superintendent, E. R. Daniels and the Secretary-Treasurer.

(2) An apparent deterioration in the management of the Divisional Office and in the work of the Secretary-Treasurer.

Feedback from the First Cycle

In April, 1964, there occurred an event which was to have an effect upon Departmental reaction to events that occurred within the second decision-making cycle. This was the resignation of Dr. Chalmers from the position of Director of School Administration and the appointment thereto of Dr. Hodgson. Where Dr. Chalmers had a considerable acquaintence with Fort Vermilion School Division and its problems, and indeed, had attended several school board meetings in the Division, Dr. Hodgson had relatively little acquaintence with the events that had occurred during the first decision cycle, the meeting with Secretary-Treasurer Dunn at Banff being his only contact with these events. The situation within the Department, therefore, was that while field administrative

officers were quite familiar with the operation and difficulties concerning the Division, Dr. Hodgson, who had not had the opportunity of gaining a complete familiarity with these matters, would not be inclined to attach the same degree of significance to the events that were to occur within this second cycle.

At the beginning of the Second Cycle, the field administrative officers of the Division of School Administration were in possession of the following information which had not been available at the beginning of the first decision cycle or which had become available due to search procedures for the first cycle:

(1) The earlier reports of Superintendent Giles and the visit of Penrice during 1963 and the early part of 1964 had established that the work of the Secretary-Treasurer was below that customarily expected of secretary-treasurers in other divisions within the Province.

(2) There was evidence to suggest that the supervision of the activities of the Secretary-Treasurer by the School Trustees was below that normally required of Trustees to achieve an efficient operation of a Divisional Office.

(3) The Division had had a history of difficulty in obtaining and retaining competent and well qualified office staff and persons for the position of Secretary-Treasurer, and few, if any, suitable persons were available in the Division to carry out these duties.

for the first cycle:

(1) The district reports of superintendents could be sent to the state office earlier than the first day of December which would greatly help the state office in its tabulations.

(2) There was evidence to suggest that the enrollment-

(3) The division had no [illegible] of elementary

(4) The deficiencies in the administration of the Divisional Office had been pointed out to the Trustees both verbally and in a written report on two occasions by Field Officer Penrice.

(5) The Division had to rely upon special grants to finance its capital expansion and some of its current operation.

The new Director of School Administration, however, being new to his position, and having to deal with over two hundred administrative units throughout the Province, was not in a position of being able to benefit as fully as he might have been from this "feedback" information that was available. It would have been unreasonable to assume that any one person could have become familiar with the detailed operation and attendant administrative problem of so many units in such a short period.

The Stage of Awareness

Despite a determination on the part of both the new Superintendent and the Secretary-Treasurer to establish harmonious working relationships and to ignore any of the criticisms that had been contained in the report of Superintendent Giles, conflict arose between these men. In some respect this may have been a conflict of personalities, but much of it arose over the question of who was to be chief executive officer of the Division. During the Judicial

Inquiry, Secretary-Treasurer Dunn made reference to the nature of this conflict as follows:

Mr. Redmond: Now in your view who was the chief executive officer?

Mr. Dunn: I feel the chairman is the chief executive officer of the Divisional Board.

Mr. Redmond: Did you have a discussion with Mr. Daniels about the content of that document? (Lists of duties for superintendents and secretaries).

Mr. Dunn: A very brief one I am afraid.

Mr. Redmond: Why was it brief?

Mr. Dunn: Well, we didn't hit it off to start with on the chief executive officer.

Mr. Redmond: So the discussion was not a pleasant one?

Mr. Dunn: Well, it didn't last too long.

Mr. Redmond: I see, how did it end?

Mr. Dunn: Slamming the door.

Mr. Redmond: Who slammed the door?

Mr. Dunn: Mr. Daniels. Perhaps it was my fault, but I just, I felt that if this was a joint thing, that I would have to agree, and the things in this that if I did not agree with that I should express my opinion, and this is what I did.

Mr. Redmond: And did you express your opinion quite forcibly?

MR. DAVIS: A very pretty one I am afraid.

MRS. DAVIS: Why were it pretty?

MR. DAVIS: A very pretty one I am afraid.

MRS. BEDFORD: Did you read a discussion with Mr. Bedford's comments (letter of protest) about the appeals to expert witnesses)?

MR. BEDFORD: How is every very other witness who was also called?

MR. DAVIS: I read the opinion in the appeal of Bedford.

MRS. BEDFORD: Did you read a discussion with Mr. Bedford's comments (letter of protest) about the appeals to expert witnesses)?

MR. DAVIS: A very pretty one I am afraid.

MRS. DAVIS: Why were it pretty?

MR. DAVIS: Well, it didn't look too good.

MRS. DAVIS: Was

Mr. Dunn: Perhaps I did.[4]

During the early part of 1964, Superintendent Daniels also came to realize that the criticisms contained in Superintendent Giles' reports were now even more evident in the work of the Secretary-Treasurer and he was apprehensive lest these deficiencies should lead to a deterioration in the work of the schools. Despite the advice and assistance that had been given to the Secretary-Treasurer by the Director of School Administration and by Field Officers Shogren and Penrice, Superintendent Daniels considered that Dunn had failed to make any constructive effort to remedy the defects that had been pointed out by Penrice and Superintendent Giles.

Concerned for the effective administration of the Division, Superintendent Daniels wrote a confidential report to the Director of School Administration, outlining what appeared to him to be the main deficiencies in the work of the Secretary-Treasurer. Not having the benefit of previous "feed-back" information concerning the events of the first decision cycle and encountering as he did in the course of his duties, reports of a similar nature, the Director was not unduly disturbed about the contents of Daniels' report. During the

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[4] Court Transcript, Volume 9, pp. 165-166.

Judicial Inquiry he spoke of his reaction to the report of the Superintendent as follows:

> ... after I received this letter, which, as I indicated, was confidential and I might add that letters or telephone calls of this nature are not unusual in the course of my duties, I sent a very brief handwritten note to Mr. Daniels indicating, I cannot recall the exact contents, but I recall the substance of it, which was to the effect that as soon as I could arrange it, perhaps I should not say as soon as I could arrange it but as soon as I was able to get some staff members who had some time free I would ask them to visit Fort Vermilion.[5]

The report, however, did indicate to the Director, that the administration of the Fort Vermilion Divisional Office was in need of further investigation.

The Stage of Reaction

As the report that Superintendent Daniels had forwarded to the Department was of a confidential nature, the Director decided to withhold its contents from his field administrative staff. In considering its contents, the Director was faced with the following considerations:

(1) The report that he had received from Superintendent Daniels contained only the Superintendent's point of view. The Director, before he initiated any action, would need to have further information regarding these allegations and some explanation

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[5]Court Transcript, Volume 5, p. 47.

on the part of the Secretary-Treasurer and the School Board Trustees.

(2) At the time of receiving the report from the Superintendent, the field administrative staff were extremely busy with tasks within the Department and none were available to be sent to the Division.

(3) The matters revealed in the report of the Superintendent did not appear to be of such urgency as to require immediate action on his part.

(4) The report appeared to be somewhat routine in nature.

The Stage of Remediation

In determining the course of action that he would adopt with regard to the report that he had received from Superintendent Daniels, the Director of School Administration was constrained in his decision by the fact that he did not have sufficient field administrative officers who were free from other duties to be able to send anyone to the Fort Vermilion Divisional Office at that time. He therefore sent a handwritten note to Superintendent Daniels stating that as soon as they were free from other duties he would send an officer to the Division to carry out further investigations. He followed up this note during a telephone conversation in which he assured the Superintendent that a field administrative officer would be sent as soon as possible.

In effect, the Director's decision was to take no action for the present. Had he felt, however, that the situation was one of greater urgency or had he been in possession of "feedback" indicating a more serious situation from the previous decision cycle, it would be reasonable to assume that he would have taken more immediate action and that he would have perceived the dysfunctions occurring in the Divisional Office to have been symptomatic of Trustee inefficiency as well as that of the Secretary-Treasurer.

Stage of Observation

It may be said that in this cycle because of the nature of the decision that was made, no period of observation occurred. This stage would normally have followed the visit of a field officer to the Division. This was prevented, however due to action precipitated by the events of the third cycle.

Summary of the Second Decision Cycle

This second decision cycle may be viewed, in some respects, as being an incomplete cycle and indeed can even be considered among the "feedback" and awareness aspects of the third decision cycle. The fact remains, however, that a decision was made in response to Superintendent Daniels'

report and that was to send an officer to the Division as soon as one was available from central office duties.

In the operation of this cycle, several constraints to the decision-making of the Director of School Administration were evident. In the first place, he was prevented from adopting any further search or remedial measures, in reaction to the Superintendent's report, due to a lack of availability of any field administration officers who were fully occupied with routine administrative tasks within the Department. A second constraint was that the Director, being new to this position did not have available any readily accessible information regarding the previous difficulties that had occurred within the Division. His decision was further constrained in that because of the confidential nature of the report, he did not release its contents to his field administrative staff, thereby precluding any consideration of the knowledge that they had of previous events that had occurred within the Division.

In effect, the decision that the Director made at this time was to make further investigations into the complaints at a later date, before attempting to provide any remedial measures.

IV. THE THIRD DECISION CYCLE

The decision of the Director of School Administration to send field administrative officers Shogren and Penrice to visit and inspect the operation of the Fort Vermilion Divisional Office on October 20th, 1964 may be identified as the remediation stage of a third decision-making cycle. This decision-making cycle contains the events in the case between the submission of Superintendent Daniels' report in August and the visit of Shogren and Penrice to the Divisional Office in October.

Feedback from Decision Cycle Two

Superintendent Daniels' report of August 20th, 1964 had indicated to the Director of School Administration the following areas in which the operation of the Fort Vermilion Division was deficient:

(1) The administration of the Divisional Office accounting and recording procedures by the Secretary-Treasurer appeared to be inefficient.

(2) The supervision by the Trustees of the work of the Secretary-Treasurer appeared to be inadequate.

(3) The relationship between the Superintendent and the Secretary-Treasurer appeared to have deteriorated.

(4) The Trustees of the Division appeared to be inadequately informed as to the financial condition of the Division.

While the Director of School Administration was aware of these shortcomings he was not prepared to accept these without further search to establish their veracity. It was in connection with this decision to establish further search procedures that he had advised Superintendent Daniels that he would dispatch a field administrative officer to the Division as soon as one was avilable from central office duties.

The Stage of Awareness

The Director of School Administration became aware of what he perceived to be an unsatisfactory state of affairs in the administration of the Fort Vermilion School Division through the following four sources:

(1) The report of Superintendent Daniels on the efficiency of the Secretary-Treasurer.

(2) The experience that he had with the Division over the 1964 building and maintenance programs.

(3) The dealings that he had with the Division over the replacement of furnace room floors in some Divisional Schools.

(4) The visit to the Department of Russell Kinsey who advised him of the presence of an Interim Audit which revealed grave inadequacies in the administration of the Division.

The 1964 Building and Maintenance Programs. The dealings that the Director of School Administration had with the

Secretary-Treasurer and the School Trustees over the 1964 building and maintenance programs cast doubts in his mind as to the adequacy of the administration of the Division.

The Divisional Trustees had passed by-laws seven, eight and nine long before they had attempted to obtain the approval of the School Buildings Board and had then found themselves in the position of being unable to obtain debenture funds for part of their building program. In order to extricate the Division from this predicement the Director had advised the Secretary-Treasurer on June 23rd not to rescind the by-laws but to wait until tenders had been received and then pass a new by-law in order to complete the building projects. At the July 21st meeting in Edmonton, he had further advised the Trustees to leave by-laws seven, eight and nine intact in order to gain money for teacherage construction and to issue a new by-law number ten, for the schools alone according to School Buildings Board recommendations. Despite this advice, however, the Trustees had returned to the Division and at their regular monthly meeting on the 24th of July had passed by-law ten before making any new application to the School Buildings Board for a change in the recognition of need for the High Level School. They had, in effect, repeated the same general error in procedure that had led to the deficiencies

that they had encountered with by-laws seven, eight and nine.

The Defective Furnace Room Floors. In July 1964, an inspector from the Office of the Provincial Fire Commissioner had inspected schools in the Fort Vermilion School Division and had found in some schools that furnaces were resting upon oil-soaked wooden floors, thus constituting a major fire hazard in the buildings.

The Director, fearing for the safety of children attending these schools had requested the Trustees in July to have these deficiencies rectified before the commencement of school in September. At the July 21st meeting with the Trustees over building and maintenance programs he had again expressed his grave concern over this matter and had received their assurances that this matter would be attended to. Upon the visit of Kinsey to the Department in October, however, he learned that nothing had been done by the Trustees to rectify these furnace room floors. The Trustees had allowed a period of three months to elapse without having attended to the matter, a fact which was most disturbing in that the children had once more returned to school.

The Visit of Russell Kinsey. During his visit to the Department, Kinsey in addition to the information that he

revealed in connection with the furnace room floors in schools in the Division, also revealed that an Interim Audit had been performed in the Division and that this audit revealed some disquieting information regarding the administration of the Divisional Office.

Summary. Where in the second decision cycle the Director of School Administration had only the opinion of the Superintendent upon which to formulate an impression of mismanagement in the Division, in the third cycle he had the accumulated knowledge of problems associated with the 1964 building and maintenance programs, the matter of the replacement of the defective furnace room floors in some schools in the Division, and the knowledge that an interim audit that had been carried out in the Division had revealed some disquieting inadequacies.

In themselves, the problems of the building and maintenance programs and the handling of the furnace room floors problem were not matters of great concern, but combined with the knowledge of the presence of an Interim Audit and the previous report of Superintendent Daniels, these appeared to present an impression of apparent confusion and mismanagement on the part of the School Trustees. The development of an

awareness of dysfunction within the Division, therefore, was cumulative in nature with each new source of information substantiating in some degree the awareness of dysfunction that had been present following the submission of Superintendent Daniels' report.

The Stage of Reaction

The report of Superintendent Daniels, and the information supplied by Kinsey, while appearing to be matters of concern were as yet unverified sources of information regarding dysfunctions in the operation of the School Division. Even the matter of the furnace room floors, while appearing to indicate a dilatory attitude on the part of the School Trustees could have been capable of a satisfactory explanation. While all of these, together with the experience of the 1964 building and maintenance programs seemed to indicate that the administration of the Division was inadequate, there was some doubt that sufficient evidence was available upon which to base any program of remedial action.

With the evidence that he had from the above sources, the Director of School Administration realized that further search procedures would have to be initiated in order to clearly establish the nature of the dysfunctions occurring

within the Division. Such matters as the building program, the furnace floors, the Interim Audit and the report of the Superintendent could really be symptomatic of some deeper underlying cause that only further and more detailed search could establish. In speaking of the events that occurred at this time the Director had this to say during the Judicial Inquiry:

> ... I am not sure that I have the exact date, this was on or about October 15, that a Mr. R. Kinsey came to the department. He spoke first of all to Mr. Shogren, Mr. Shogren eventually brought him in to see me and Mr. Kinsey, as I recall, I am not sure of the length of this conversation I think he had spent considerable time with Mr. Shogren first of all, the nature of his complaint seemed to be, I shouldn't say perhaps complaint, but the nature of his information seemed to be two-fold. One was that he understood that a special (sic) audit had been performed in the Fort Vermilion School Division and that this apparently contained some disquiting (sic) information. Secondly he made some mention, and we get back to these again, sir, of the furnace room floors which were to be replaced, I understand either in whole or in part. And on both of these accounts I was concerned first of all if a special audit had been performed and it had some information that we should have some knowledge about then, somebody should go to Fort Vermilion. Secondly, if the School Division was still in the process, as he indicated, of negotiating or making some arrangements concerning certain furnace room floors I found this disturbing because the School Division knew in the spring that they were supposed to do something about the furnace room floors. They had been asked in July to do something about them before school started in September and here it was three or four months later and they were just about to do something and our view is that

> this ought to have been done, if this was a hazard, this ought to have been done. That is the trustees ought to have taken action before October and this to my understanding was possible ...[6]

The Stage of Remediation

In view of the need for more information regarding the administration of the Division, the Director decided that the visit of field administrative officers to the Division was imperative. On the 16th of October, 1964, he instructed Messrs. Penrice and Shogren to visit the Divisional Office, to examine its administration and to determine, if possible, the causes of the apparent inefficiency. Such a visit had a dual purpose. In the first place, it was to determine, upon an examination of the accounts and records of the Divisional Office, those matters which were leading to dysfunction in the Division's administration. In the second place, these officers were to advise the Secretary-Treasurer and the School Trustees on remedial measures which would help to overcome any deficiencies that their examination revealed.

Field Administrative Officers Shogren and Penrice

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[6]Court Transcript, Volume 5, pp. 50-51.

subsequently visited the Fort Vermilion Divisional Office arriving there on October 20th. On their way to the Division they visited the office of the auditors, Nash and Nash at Peace River, and obtained from them a copy of the Interim Audit that this firm had carried out in the Division.

The Stage of Observation

The decision to send field administrative officers Penrice and Shogren to the Fort Vermilion Divisional Office had been made primarily to allow them to investigate its operation and, if possible, to give advice and suggestions that would assist in returning the administration of the Division to a standard that was acceptable to the Director of School Administration.

In making this decision, the Director was initiating search procedures which would enable him to formulate a clearer conception of the dysfunctions that appeared to exist in the administration of the Division and which would allow him to design a more adequate program of remedial action should such a program be required.

In sending officers Penrice and Shogren to the Division, therefore, he was prepared to await the outcomes of their visit before attempting any further action in the matter.

The "feedback" information that he would receive from the action that he had initiated would be essential to any further decision that he would make, as the information that he now had at his disposal did not contain the views or explanations of the Secretary-Treasurer or of the School Trustees.

Summary of the Third Decision Cycle

The events that occurred during this third decision cycle illustrate the close connection with the events of the Second Decision Cycle. The report of Superintendent Daniels had indicated the possibility of mismanagement in the Divisional Office but when viewed against the events connected with the 1964 building and maintenance programs, the matter of the furnace room floors, and the information gained from the visit of Kinsey to the Department, this report gained more significance. Each of these separate matters, while indicative of dysfunctional operation in the various aspects of the administration of the Division, together indicated the possibility of an overall mismanagement which was in urgent need of investigation.

The cycle also illustrates the adoption by the Director of School Administration of search procedures designed to

identify more clearly the problem with which he was faced, i.e. the apparent mismanagement of the Division. The cycle also illustrates that the awareness of dysfunction may be the product not of deliberate search procedures but of fortuitous circumstance. The information which Russell Kinsey supplied to the Department in connection with the furnace room floors and the presence of an Interim Audit which revealed serious inadequacies, was highly significant in contributing towards the Director's decision to send Shogren and Penrice to the Division, yet this information was not sought by the Department but rather came as the result of chance.

To this point, there was no intention on the part of the Director of School Administration to interfere in any way in the operation of the Division. The dispatch of Penrice and Shogren to the Division was made to seek a clearer definition of the dysfunctions that were becoming apparent in its operation and to provide advice and assistance should these prove to be necessary.

V. THE FOURTH DECISION CYCLE

The decision to send Penrice and Shogren to inspect the Fort Vermilion Divisional Office had been made to establish the nature of the dysfunctions in the administration of the

Division. In the third decision cycle, the Director of School Administration had the knowledge of Superintendent Daniels' report, the information supplied to him by Kinsey and a knowledge of the events associated with the 1964 building and maintenance programs and the events connected with the replacement of defective furnace room floors in some divisional schools. Apart from this information no new information was obtained regarding the administration of the Division until Shogren's telephone conversation on the 21st of October.

The Stage of Awareness

The Interim Audit that officers Penrice and Shogren obtained from the auditors, Nash and Nash, revealed to them many aspects in which the administration of the Division was deficient. This audit revealed incompleted bookkeeping, the presence of unreceipted funds, the inappropriate use of the Payroll Cheque Account, substantial salary advances, irregular vouchers and the absence of invoices.

The investigation of the Divisional Office by Penrice and Shogren confirmed the findings of this Interim Audit and in their view there was every evidence to show that the office administration and accounting were in a state of

confusion. It was also very noticeable to these officers that there was a lack of harmony between the Secretary Treasurer and the other three people in the Divisional Office, namely, the Superintendent, the bookkeeper and the stenographer. What was of most concern to these officers was the fact that neither the Secretary-Treasurer nor the School Trustees had any knowledge respecting the finances and financial position of the Division. The evidence that these officers gathered during their inspection and from their study of the Interim Audit convinced them that their findings warranted a recommendation to the Director of School Administration that he seek a special audit of the Divisional Office.

On the 21st of October, Field Officer Shogren telephoned the Director and acquainted him with the results of their inspection and of the contents of the Interim Audit. This evidence confirmed in the Director's mind the impression of mismanagement and ineffective supervision that he had suspected from earlier evidence, and convinced him that measures should be adopted to rectify the situation as soon as possible.

The Stage of Reaction

The information that he had received from Shogren concerning the state of the administration of the Fort Vermilion Division convinced him that Shogren's recommendation that a special audit be carried out was the correct one. Previous experience had shown that the advice supplied by field administrative officers to the Secretary-Treasurer had been ignored, and that therefore the provision of any such further advice held little promise of rectifying the situation. The holding of a special audit would be one means whereby more detailed and reliable evidence could be gained as to the actual condition of the School Division.

The Stage of Remediation

At the time that the Director received the telephone call from Shogren, the Deputy Minister of Education was away from his office. As he was aware that the School Board would be meeting that night, the Director was anxious to gain the permission of the Minister for the special audit. He, therefore, put before the Minister the evidence that he had received from Shogren, and that which had been previously obtained, and the Minister, after careful consideration, ordered a special audit of the books of the Division.

Upon the return of the Deputy Minister to his office later in the day this order was communicated to the Chairman of the School Board by telegram and at the meeting of the Board that evening a motion was passed to request Nash and Nash to carry out this Audit as soon as possible. It was at this same meeting that the Secretary-Treasurer was placed upon enforced holidays until such time as the results of the special audit became known.

The Stage of Observation

Having ordered the Special Audit to be held and with the knowledge that a motion to this effect had been passed by the School Board, the members of the Department of Education were prepared to wait until such time as it was completed before contemplating any further action in this matter.

Summary of Decision Cycle Four

The information gained from the Interim Audit and the inspection visit of officers Shogren and Penrice verified the complaints that had been contained in the report of Superintendent Daniels. It also confirmed the impression of inefficient management that the Director had gained from his dealings with the 1964 building and maintenance programs and the dealings that he had with the Trustees over the replace-

ment of defective furnace room floors in some of the schools within the Division.

The visit of Penrice and Shogren to the Division had been for the explicit purpose of searching for information that would either verify or refute the impressions of mismanagement that the Director of School Administration had gained from reports and from his dealings with the Division. Their investigations fully substantiated the view of mismanagement and, in addition, brought to the attention of the Director such matters as the lack of harmony between office staff, the considerable number of salary advances, which was most disturbing in view of the reliance of this Division upon special grants, the confused state of the bookeeping of the Secretary-Treasurer and further evidence to suggest irregularities in such matters as the handling of the petty cash account.

In view of all of this new information, the Director of School Administration, the Deputy Minister and the Minister decided that a special audit should be held which would outline in more detail those matters which had been revealed by the Interim Audit and the inspection visit of Shogren and Penrice.

VI. THE FIFTH DECISION CYCLE

A fifth decision cycle may be identified in the events

that took place between the ordering of the Special Audit and the sending of the Deputy Minister's telegram to the School Trustees requesting information as to what action they proposed to take in view of the "intolerable" situation that was revealed by the Special Audit. Following the Board's motion requesting Nash and Nash to carry out the Special Audit the members of the Department of Education had decided to reserve any judgement as to future courses of action until such time as they had been able to examine the Special Audit and to establish clearly the underlying causes of dysfunction in the Division.

Feedback from the Fourth Cycle

The visit of Field Officers Shogren and Penrice to the Fort Vermilion Divisional Office had confirmed the impression of mismanagement that Departmental Officials had gained from other sources. In addition, the Interim Audit had revealed hitherto unknown information regarding such matters as the granting of substantial salary advances, inadequate and inefficient bookkeeping and accounting procedures, an apparent lack of supervision by the School Trustees over the work of the Secretary-Treasurer, and a deterioration of relationships between the Secretary-Treasurer, the Superintendent and other

office personnel. But of most concern was the fact that neither the Secretary-Treasurer nor the School Trustees were aware of the finances or financial position of the Division. Indeed, at the time of the Shogren-Penrice visit, the Secretary-Treasurer did not know what funds the Division had in hand, and had to be informed by Shogren that the Division, in fact, was working on a deficit and was in reality in a very serious financial position.

The Stage of Awareness

The Special Audit was picked up by Shogren from the Edmonton Office of Nash and Nash at 5:00 p.m. on November 16th, 1964. During that evening he had the opportunity to study its contents and the next day at the Department of Education a special meeting was held to discuss its contents. Present at this meeting were the Deputy Minister, the Director of School Administration and Field Officers Wetter and Shogren.

This Special Audit confirmed the fears that the Departmental Officials held for the efficient administration of the Division. The Audit reaffirmed the dysfunctions that had been evident in the reports of Superintendent Daniels and Field Officer Shogren and in the Interim Audit. It revealed overdrafts and loan balances which indicated that the

Division was in a very serious financial condition. Indeed, the current indebtedness of the Division amounted to over three hundred thousand dollars. The Audit also indicated that employee indebtedness to the Division amounted to $2,623.36, that some of these advances had not been subject to Board approval, and that the Secretary-Treasurer owed the Division, in addition to other advances, the amount of $779.86, being monies due for such matters as rent, fuel, light and pension and service contributions. It was these staff advances which was of most concern to the Deputy Minister.

The Special Audit was also critical of the payment of trust funds, the use of secret ballots at Board meetings, tender practices, certain board transactions, the failure of the Board to recoup monies owing to it, the irregular use of the Capital Loan Fund, the exceeding of the petty cash account and the inadequacy of vouchers and invoices to support Board transactions.

One matter revealed in the Special Audit which was particularly indicative of the Trustees' lack of direction and control was the matter of building skating rinks at High Level and Rocky Lane. At the September 16th meeting of the Board the Trustees had decided to postpone the building of

these rinks in view of the heavy financial commitments facing them with regard to maintenance in the Division. Despite this decision by the Board, Item 18 of the agenda for the October 17th meeting of the Board indicated that the Secretary-Treasurer had proceeded with the purchase of materials for these rinks thus ignoring the previous instructions from the Board of Trustees.

The Stage of Reaction

At the meeting that was held in the Deputy Minister's office on November 17th, 1964, the Special Audit was read and discussed. While all present agreed that the deficiencies revealed in this Audit were of a most serious nature, no firm decision was made as to a possible course of action. Those present agreed that a more careful and detailed examination and study of each of the items of the Audit should be undertaken in order that a more careful evaluation of its contents could be made. In order that this could be done, the Deputy Minister ordered three copies of the Audit to be made and one of these was forwarded to the Minister of Education for his information and consideration.

On November 18th, 1964, another meeting was held in the Deputy Minister's office and at this meeting there was

unanimous agreement among those present that the Special Audit revealed a most disturbing state of affairs. In considering what action should be taken, the following alternatives were considered:

(1) A further group of Departmental officials should visit the Division to discuss the contents of the Special Audit with the Trustees the deficiencies that it revealed and to consider remedial measures that could be adopted.

(2) This group of Departmental officials could contain either the Deputy Minister or the Director of School Administration.

(3) A report setting out the Department's reactions to the Special Audit could be sent to the School Board with a request for some explanation as to the remedial measures that the Trustees proposed to adopt in rectifying the deficiencies that had been revealed.

(4) In view of the fact that the School Board would be holding its regular monthly meeting that evening, a telegram could be sent to the Board requesting advice as to what steps the Board proposed to take to deal with the intolerable situation that had been revealed in the Special Audit.

The Stage of Remediation

After a careful consideration of the contents of the Special Audit the Deputy Minister and his officials decided upon the alternative of sending a telegram to the School Trustees expressing their grave concern about the conditions that had been revealed by the Special Audit and to request

further information from the Trustees concerning the courses of action that they proposed to adopt to remedy the deficiencies that were apparent in the Division's administration.

In the telegram that was sent special emphasis was placed upon the Department's concern over the performance of the Secretary-Treasurer and the apparent lack of proper control by the School Board itself. The word "intolerable" was used in this telegram to emphasize the concern that the Department felt and, indeed, some debate was held among the officials as to whether the word "deplorable" should be used in preference to "intolerable".

One of the main reasons for deciding to send this telegram was the fact that the Fort Vermilion School Board was to hold its regular monthly meeting that evening and as such an earlier consideration of the Special Audit could be undertaken by the Trustees.

In making this decision to send the telegram to the Trustees, the officials of the Department did not form any opinion as to what reply the Trustees should give but were prepared to wait and formulate a future course of action based upon the nature of this reply. Should the reply of the Trustees indicate that they proposed measures that were satisfactory to the Department and which offered hope of

rectifying the dysfunctions that were apparent, then the Department would be prepared to accept these. Having as it did a commitment to local autonomy, the Department was prepared to allow the Trustees to propose their own solution to the difficulties with which they were faced rather than to impose their own ideas upon the Board members.

The Stage of Observation

At this point in their deliberations the officials of the Department of Education were prepared to wait for the Trustees' reply to their telegram. In effect, the officials of the Department were prepared to allow the Trustees to propose their own solutions and should these remedial measures that they proposed be satisfactory to the Department, then in all probability, the Departmental officials would have been prepared to lengthen the stage of observation in order to assess the results of the proposed remedial measures. In effect, the stage of observation covered the rather short time period between the sending of the telegram by the Deputy Minister to the Division and the receipt of the Board Chairman's reply the next day.

VII. THE SIXTH DECISION CYCLE

The final decision cycle to occur in the sequence of decision cycles that occurred in the case covered the events between the receipt of Chairman Backstrom's telegram of November 19th, in reply to that which had been sent by the Deputy Minister and the appointment of an Official Trustee on November 20th. The information available to the officials of the Department of Education remained unchanged from that which was available during the fifth decision cycle.

The Stage of Awareness

On the morning of November 19th, 1964, the Deputy Minister received from R. A. Backstrom, the Chairman of the Fort Vermilion School Division, a telegram in reply to that which he had sent the previous day. The only remedial measure proposed in this telegram was that the Board would place the Secretary-Treasurer on a three month probationary period and that the performance of his duties would be reviewed in February, 1965. This telegram was the only form of communication received by the Department in response to the telegram that it had sent.

The Stage of Reaction

Upon the receipt of the Chairman's telegram, the Deputy

Minister held another meeting of Departmental officials in his office to consider the adequacy of the Board's reply. To those present at this meeting the reply indicated that there was to be no change in the administration of the Division other than that the Secretary-Treasurer was to be now placed on probation. The Deputy Minister had hopes that the reply from the Trustees would at least give some indication that they recognized the seriousness of the situation and that they were prepared to put into operation some measures designed to remedy the dysfunctions that had been revealed by the Special Audit. This action of the Board in placing the Secretary-Treasurer on three months probation appeared to hold little promise of bringing about any change in the existing situation.

After considerable discussion of the Board's reply the officials present at the meeting in the Deputy Minister's office reached the conclusion that the matter should be carried forward to the Minister of Education for his decision. The Deputy Minister, the Director of School Administration and Field Officer Wetter, subsequently met with the Minister in his office at one o'clock the next day. At this meeting two possible courses of action were discussed:

(1) Another group of officials, including either

the Deputy Minister or the Director of School Administration should visit the Division and meet with the Board of Trustees for a further discussion of their affairs.

(2) The Minister should appoint an Official Trustee to the Division thereby removing from office the elected Board of Trustees.

After carefully analysing each of these possible courses of action the meeting was adjourned in order that the Minister could consider further these two possible courses of action.

The Stage of Remediation

At 4:30 that same afternoon the Minister of Education called the Deputy Minister to his office and informed him that he had decided to appoint an Official Trustee to the Fort Vermilion School Division.

In making this decision three alternatives were considered regarding the appointment of the Official Trustee:

(1) That existing Superintendent, E. R. Daniels could be appointed to the position.

(2) Some officer of the Department of Education could be appointed.

(3) Some other person such as a retired Superintendent of Schools, who might be available, could be sent to the Division.

In considering these alternatives the Minister and Deputy Minister were not able to find the name of any suitable

retired superintendent of schools who was available, nor were they able to appoint anyone from the Department of Education due to staff shortages and considerations of distance. They decided therefore, to appoint as Official Trustee the Superintendent of the Division, E. R. Daniels.

On this same day the decision to appoint an Official Trustee, and the decision to appoint Superintendent Daniels to this position, were incorporated in an order under the School Act. In accordance with the provisions of this order, the Deputy Minister sent telegrams to Superintendent Daniels and to the Chairman of the now dismissed Board, R. A. Backstrom informing them of the Minister's decision.

VIII. SUMMARY OF DECISION CYCLES

The examination of the decision-making process that has been undertaken in this chapter has been from the point of view of the actions of the members of the Department of Education. The following analysis outlines some of the more significant aspects of the processes that occurred:

The Sequence of Decisions

The analysis of the decisions that occurred in connection with the final decision of the Minister of Education

to appoint an Official Trustee to the Fort Vermilion Division reveals that each decision formed part of an interrelated sequence and that the information gained from one decision cycle had the effect of providing a greater sense of awareness and understanding of the events that occurred in the subsequent cycles.

The report of Superintendent Giles on the performance of the Secretary-Treasurer, the visit of Field Officer Penrice to the Division, the conversations that this officer had with the Secretary-Treasurer and the Board Chairman in Edmonton, the discussions held between Field Officer Shogren, the Director and the Secretary-Treasurer in Banff and a knowledge of the history of financial and administrative difficulty that had faced this Division since its inception, revealed to Departmental Officials a situation that was apparently in need of rectification.

The knowledge of dysfunction within the administration of the School Division was further supplemented by the report of Superintendent Daniels which was submitted to the Director of School Administration on August 20th, 1964. The Director was not unduly disturbed by this report for reports of a similar nature were not uncommon in the course of his duties. He resolved that as soon as a field officer was free from

other duties he would dispatch him to the Division to investigate the Superintendent's complaints against the Secretary-Treasurer. The awareness of dysfunction was not apparent to the field administrative officers because of the confidential nature of Superintendent Daniel's report. The contents of Daniels' report were not made available to Field Administrative Officers Shogren and Penrice until the eve of their visit to the Division on October 20th, 1964.

The information gained from Superintendent Daniels' report was substantiated by the experience that the Director of School Administration had in connection with the 1964 building and maintenance programs and with the dealings that he had had with the Board over the replacement of defective furnace room floors in some schools in the Division. It was further substantiated by the information that he received from Kinsey. While each of these matters was of some concern in itself together they presented an impression of total mismanagement. Each new item of information had the effect of reinforcing and giving added significance to those that had come before.

Before their visit to the Division in October, Shogren and Penrice had been acquainted with the contents of Superintendent Daniels' letter of August 20th, 1964. These two

officers had also been acquainted with all of the events that had taken place in the previous two cycles. During their visit to the Division, these officers had the advantage of being able to study the Interim Audit that had been prepared by Nash and Nash and this provided a guide to their examination of the records and operation of the Divisional Office.

In the fourth decision cycle, the Director of School Administration had the benefit of the Interim Audit and Shogren and Penrice's verbal and written reports upon which to base his decision. The information obtained from these sources together with his knowledge of the events associated with Superintendent Daniels' reports, the furnace room floors, the building and maintenance programs and Kinsey's visit to the Department, provided the basis upon which to base his decision to recommend to the Minister of Education that a Special Audit be carried out in the Division.

Similarly, in the fifth and sixth decision cycles the knowledge accumulated from previous decision cycles together with the reply telegram that had been received from the Board Chairman in response to the Deputy Minister's telegram of November 18th, provided the basis upon which the final decision of the Minister was made. In effect, the information obtained in the process of one decision cycle expanded the awareness of

dysfunction in the succeeding cycle and provided information with which to evaluate alternative courses of action. That is to say, the decision made by the Department of Education in connection with the events of this case formed part of an interrelated sequence with each cycle in the sequence being linked together by a system of feedback.

Search Procedures

Throughout the process of decision-making that occurred within the six cycles, there is evidence of a constant search on the part of the Department of Education to extend its knowledge of events occurring within the Division. Following Superintendent Giles' reports, Penrice was sent to the Division to investigate, and following Superintendent Daniels' report and the visit of Kinsey to the Department, Messrs. Shogren and Penrice were sent to investigate. After the Shogren-Penrice visit a special audit was ordered to confirm and extend the information contained in the Interim Audit. This search procedure may be viewed as a commitment towards local autonomy on the part of Departmental officials but more realistically as a defensive measure in that they were not prepared to take any action unless they were able to fully substantiate any perceived dysfunction occurring within the Division.

The Perception of Dysfunction

The perception of dysfunction by Departmental officials was dependent upon accepted standards and procedures. In his report of the 26th of October, Field Officer Shogren made special reference to such matters as unreceipted cash, lack of authorization, the absence of invoices and vouchers, etc., all being matters which were contrary to accepted business procedure. Again, in the Special Audit reference was made to matters which were contrary to accepted business procedures as well as transactions, such as trustees entering into contracts with the Board, which were contrary to sections of the School Act. In their handling of matters dealing with the 1964 building program, the criticisms levelled against the Trustees were that they had failed to observe standard operating procedures with respect to the obtaining of the recognitions of need from the School Buildings Board and of the passing of necessary by-laws.

The criteria adopted by Departmental officials in their assessment of dysfunction in the operation of the Division, therefore, were those of accepted business and administrative procedure, of legal regulation and, as in the case of the furnace room floors, of a genuine desire to maintain the safety and well being of children attending

schools within the Division.

The Operation of Constraints

There was evidence of the operation of constraints in the decision-making of the Department of Education officials.

Search. The adoption of search procedures has been outlined above (supra., p. 341). Such search procedures are indicative of the operation of constraints upon the decision-making of the Department of Education. As a government department, responsible to the Minister of Education, who is an elected official, the Department of Education, before it makes any decision must be fully convinced that it has a true knowledge of all the relevant factors pertaining to that decision. Any decision that is made by the Department, and especially one which would be involved in the appointment of an Official Trustee, must be viewed in the context of its effects upon the social standing of Trustees in their community. The initiation of search procedures was designed, therefore, to ensure that before any decision was made, there was sufficient evidence to fully justify that decision and to reduce as far as possible any undesirable unanticipated consequences.

A Commitment to Local Autonomy. In its dealings with

the Fort Vermilion School Board it was apparent that the Department of Education was prepared to let the Divisional Board propose its own remedial measures for dysfunctions which Departmental Officials perceived in its operation. Following the Special Audit, the Deputy Minister, by means of his telegram to the Chairman of November 18th, was in effect, requesting the Board to outline some satisfactory plan of remedial action designed to overcome the dysfunctions that the Audit had revealed in the operation of the Divisional Office. It was only when the Trustees failed to indicate that they were prepared to initiate any satisfactory remedial action that the Minister decided to appoint an Official Trustee. This same commitment towards local autonomy in allowing Trustees to suggest their own remedial measures can be seen in the Director of School Administration's treatment of the 1964 building program, in the Penrice visit in October 1963, and at the meeting which Shogren and Penrice attended with the Divisional Trustees on October 20th, 1964.

Types of Decision

In Chapter Two of this study (supra., p. 48) it was posited that there would be two main types of decision occurring within the sequence of decisions in the case. These

were: (1) administrative decisions, and (2) political-administrative decisions.

In this case it was possible to see the operation of these two types of decision. The decision to send Penrice to the Division in October 1963, the decision to send Penrice and Shogren to the Division in October 1964 and the decision to send a telegram to the Trustees on November 18th may be seen as administrative decisions. These decisions were relatively routine in nature and were such that they could be made within the existing framework of the regulations governing the operation of the Department of Education.

Two decisions within the sequence, however, differed in nature from the above decisions. These were the decision to seek a special audit and the decision to appoint an Official Trustee to the Division. Both of these decisions were made with reference to specific sections of the School Act, viz Sections 75 and 209. While the Minister has the power to make any decision regarding education within constitutional and legal limits, he does not usually make routine administrative decisions but leaves these to the officials of his Department. The decisions regarding the Special Audit and the appointment of the Official Trustee, however, were somewhat extraordinary and as such these were

-tive decisions, and (3) pertinent-

to see the operation of the Department of Education.

In this case it was necessary to see the operation of

two types of decision. The decision to send persons

reference to specific sections of the Gazette

I Trustee to the District. Both of these decisions

a specific audit and the decision to appoint an

from the above decisions. These were the decision

within the sections, however, different

two decisions within the sections' however, different-

not made by the officials of the Department but were forwarded to the Minister for his decision. These two decisions also differed in that their implication implied direct action or some degree of interference in the operation of the Division.

CHAPTER VIII

THE DECISION MAKING CYCLES OF THE SCHOOL BOARD

I. INTRODUCTION

This chapter attempts to trace out the series of decisions made by the Trustees of the Fort Vermilion School Board that paralleled those outlined in Chapter Seven, which were made by officials of the Department of Education in response to perceived dysfunctions in the operation of the School Division. In this Chapter some attempt will be made to compare and contrast the decisions made by the Trustees with those made by the Departmental Officials and in this way to gain a better appreciation and understanding of the total process of decision-making that was made in connection with the final decision of the Minister of Education to appoint an Official Trustee to the Division.

II. THE FIRST DECISION CYCLE

In discussing the sequence of decisions made by the officials of the Department of Education, a first decision cycle was described to include the reports of Superintendent Giles of August 5th and July 3rd, 1963, the visit of Field

CHAPTER XIII

THE DECISION MAKING CYCLES OF THE SCHOOL BOARD

I. INTRODUCTION

Officer Penrice to the Division in October, 1963, and the discussions held between Penrice, Chairman Backstrom, and Secretary-Treasurer Dunn at the Department of Education, and the conversations between the Director of School Administration, Field Officer Shogren and Dunn in Banff on June 11th, 1964. A similar decision cycle can be identified in connection with these events in the deliberations of the Trustees of the Fort Vermilion School Board.

The Stage of Awareness

As in the case of the officials of the Department of Education (supra., p. 290) the Trustees had the presence of dysfunction in the operation of the Divisional Office brought officially to their attention by the July 3rd and August 5th reports of Superintendent Giles in which he outlined, in some detail, those aspects in which he considered the work of the Secretary-Treasurer to be deficient. The Minutes of the Board meeting of August 5th, 1963 make reference to the reading of Superintendent Giles' report at that meeting:

> Secretary Treasurer's duties, Mr. Giles, superintendent of schools submitted a brief report relating to the Secretary Treasurer's duties during the past year. He indicated that he was not entirely satisfied with the way the Secretary Treasurer had performed his duties and he felt that with more experience Mr. Dunn would prove quite satisfactory. A copy of this report

> was sent to each Trustee of the Divisional Board and one to the Department of Education for their perusal and comments.[1]

The Stage of Reaction

Since its inception in 1945 the Fort Vermilion School Division had had a history of difficulty in financing its operation and in securing and retaining competent and well qualified teaching and office staff. The employment of Clifford Dunn in August 1962, therefore, gave promise of some stability and continuity in the position of Secretary-Treasurer. Dunn had been an assistant to the Secretary-Treasurer of the County of Mountain View, had been employed in the capacity of bookkeeper by the Alberta Association of Municipal Districts and possessed qualifications in book-keeping and accounting, and had given an undertaking that he would remain in the Division's employ for a minimum period of three years. In comparison with previous incumbents of this position and in view of the difficulty of securing personnel with even minimal qualifications and experience, the Trustees were quite anxious to retain his services.

The Trustees were also aware that being new to this position the Secretary-Treasurer, could be expected to face

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[1]Minutes of the Fort Vermilion School Board, August, 1963.

some difficulties in setting up an efficient office routine. They also considered that it would be reasonable to expect that not having had experience with the full range of duties normally associated with this position, there might be some aspects of his work that would be deficient. They felt, however, that with experience, and the guidance that he could obtain from the Superintendent and other Department of Education personnel, he would be able to rectify these deficiencies.

There was also some evidence to suggest that something in the nature of a "personality clash", existed between the Secretary-Treasurer and the Superintendent. In his testimony at the Judicial Inquiry, Chairman Backstrom had made the observation that these men "did not get on too well together." (supra., pp. 157-158).

The Trustees were also aware that the Secretary-Treasurer was willing to seek advice in remedying his own deficiencies. In July, 1963, Dunn had approached the Department of Education seeking an inspection of the Divisional Office in an attempt to obtain assistance in straightening out many of the difficulties which had arisen in connection with his new position. (supra., p.158).

The Stage of Remediation

In the Judicial Inquiry into the events leading to the appointment of an Official Trustee to the Division, the following conversation took place between Mr. Redmond, Counsel for the Commission, and the Secretary-Treasurer. This conversation helps to establish the reaction of the Trustees to the reports of Superintendent Giles:

Mr. Redmond:	Well now, you remember that being discussed by the Board (i.e. Giles' report), and I take it that there was no particular problem at the time, that is the Board did not take any disciplinary action or anything of that sort?
Mr. Dunn:	No, I think the Board was aware of the circumstances that I was faced.
Mr. Redmond:	By that you mean you were relatively new on the job.
Mr. Dunn:	Yes, that's true.[2]

The Secretary-Treasurer was prepared to admit that because of his inexperience, there were aspects of his work that were deficient. He had, however, displayed to the Trustees that he was aware of these and that he was prepared to seek Departmental assistance in rectifying them. The Trustees, therefore, were prepared to give the Secretary-Treasurer more

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[2] Court Transcript, Volume 9, p. 96.

time in which to establish himself in his position and in view of the fact that he had sought Department of Education assistance, to rely upon the more competent advice that field administrative officers could provide.

The Stage of Observation

Following their meeting of August 5th, the Trustees were prepared to allow the Secretary-Treasurer further time in which to rectify the deficiencies that had become apparent in his first year in his position. They were also prepared to place some reliance upon the advice and assistance that would be forthcoming from field administrative officers from the Department of Education. The Trustees were also aware that the Secretary-Treasurer's attendance at the Banff Conference would allow him to discuss the problems that had arisen in connection with his work, with other secretary-treasurers from other divisions and counties and that the instruction that he would receive at this conference would be beneficial in equipping him with skills that would better enable him to carry out his duties in the future.

Summary of First Decision Cycle

A comparison of the decision-making that occurred within the Department of Education and within the Division

reveals that there were areas of congruence in their approach to the reports of Superintendent Giles in this first decision cycle.

Both Departmental officials and Trustees were aware of the financial difficulties that the Division had faced in the past and of the fact that it had been extremely difficult to obtain qualified and competent personnel for the position of Secretary-Treasurer. Both parties, therefore, were prepared to anticipate an improvement in the Secretary-Treasurer's performance of his duties.

There is every indication to suggest that the Trustees were prepared to look to the Department of Education for leadership and assistance in establishing the operation of the Division upon a sound basis. The visit of Backstrom to the Department of Education with Dunn to discuss the problems associated with the operation of the Division with Field Officer Penrice was indicative of their desire to seek advice that would lead to a more effective operation.

IV. THE SECOND DECISION CYCLE

A second decision cycle may be identified in the events associated with the Board's handling of the report submitted by Superintendent Daniels on September 4th, 1964, in connection

with the performance of the Secretary-Treasurer's duties.

The Stage of Awareness

The deterioration in the performance of the Secretary-Treasurer's duties was pointed out to the Trustees of the Division by Superintendent Daniels in his report of September 4th, 1964. In this report Superintendent Daniels specified such matters as a failure to comply with Departmental requests, tardiness in preparation of the budget, failure to carry out certain Board instructions, failure to keep records up to date and various other matters relating to the administration of the Divisional Office.

The Trustees were also aware of the development of conflict between the Secretary Treasurer and the Superintendent, especially with regard to the allocation of responsibilities and duties within the Division. In an attempt to remedy this conflict the Board had instructed the Secretary-Treasurer and the Superintendent to prepare lists of duties based upon those obtained from other divisions. This presence of conflict had also been apparent in the matter of a salary raise for the Secretary-Treasurer when Superintendent Daniels had objected to the words "satisfactory service" being included in a minute referring to the Secretary-Treasurer's performance of his duties.

of the DIVISIONAL OFFICE.

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[illegible] lies between the Secretary Treasurer and the Superintendent.

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[illegible] Superintendent Dentele had objected

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[illegible] and assigning duties to the Secretary-Treasurer,

[illegible] the Superintendent to the

[illegible]

The Standard Assessment

[illegible]

Feedback from the Previous Cycle

In their consideration of Superintendent Daniels' adverse report upon the work of the Secretary-Treasurer, it would appear that the Trustees would have had the following knowledge that would have been available from the first decision cycle:

(1) The history of financial difficulty of the Division.

(2) The difficulty of obtaining and retaining well qualified and competent office staff.

(3) The report of Superintendent Giles that revealed deficiencies in the work of the Secretary-Treasurer.

(4) The conflict between the Secretary-Treasurer and Superintendent Giles.

It should be pointed out, however, that Trustee Backstrom had been appointed to the Board in June 1963, Trustee Northey in February 1964 and Trustees Driedger and Froese in February 1963. Trustee Lambert was the only Trustee to be appointed in 1962 and who was present on the Board at the time of the Secretary-Treasurer's appointment to that position. Trustee Backstrom, while he was aware of the conflict between Superintendent Giles and the Secretary-Treasurer had only been on the Board for slightly over one month at the time of Giles' report in the August of 1963,

and Trustee Northey had not been on the Board at that time. Similarly, Trustees Driedger and Froese had only been on the Board for six months at that time and had had no previous experience in either municipal or school board office.

The Stage of Reaction

Upon receipt of Superintendent Daniels' report the Board members held a special meeting at the Fort Vermilion School at which they discussed its contents.

In discussing the report, the Trustees were aware of the possibility that much of the inefficiency that seemed to characterize the work of the Secretary-Treasurer may have been due to the added duties that they had imposed upon him in connection with the supervision of school buses and of the 1964 building and maintenance programs. The issue of building and maintenance had been of concern to the Trustees in the early months of 1964 as the Division had been given a quote for almost one hundred thousand dollars by Western Construction Consultants for maintenance, much of which referred to maintenance required on buildings which were less than five years old.

It had been because of their great concern with the maintenance program that the Trustees at their May 20th

meeting had widened the Secretary-Treasurer's duties to include public relations and to provide a general oversight and coordination to the repair and maintenance activities of the Division. The Trustees, therefore, felt that these added burdens were responsible for much of the inefficiency in the work of the Secretary-Treasurer.

The Board had been aware of the rather heavy nature of the added duties that it had imposed upon the Secretary-Treasurer and in response to an appeal in June by the Secretary-Treasurer for assistance in his office work, had employed on July 13th, 1964, F. de Kleine in the capacity of accountant, to assist in this regard.

The Stage of Remediation

Following their meeting at the Fort Vermilion School, the Trustees adjourned to the Divisional Office where they questioned the Secretary-Treasurer regarding the contents of Superintendent Daniels' report. In response to their demand for an explanation, the Secretary-Treasurer admitted that much of the office administration was in need of correction, but assured them that with the assistance of de Kleine he would be able to re-establish the administration of the Divisional Office upon a sound footing by the end of the year.

After hearing the Secretary-Treasurer's explanation and taking into account the added burdens that they had imposed upon him with regard to the supervision of buses and of the building and maintenance in the Division, the Trustees made the decision to allow the Secretary-Treasurer until the end of the year in which to remedy the administration of the Divisional Office. In effect, the Trustees placed the Secretary-Treasurer upon probation with the implication that if his work showed no improvement by that time they would no longer require his services.

The Stage of Observation

Having given the Secretary-Treasurer until the end of the year in which to remedy the dysfunctions that were apparent in the operation of the Divisional Office, the Trustees were prepared to wait until the end of this period before making any further assessment of his work. In many respects, this decision that was made at this meeting was to govern the behavior of the Board with respect to decisions that it made regarding the Interim and Special Audits.

The Summary of the Second Cycle

The decision cycle that occurred within the Department of Education and that which occurred within the School Board

were similar in that each cycle was precipitated by the report of Superintendent Daniels. That is to say, in each cycle the stage of awareness was similar. The two cycles differed significantly, however, in the degree of feedback information that was available to the decision-maker, from previous decision cycles and in their reaction and remedial stages.

Upon receipt of Superintendent Daniels' report, The Director of School Administration, because of the request by the Superintendent that it be treated as confidential, did not reveal its contents to field administrative officers within the Division of School Administration. As he often received similar reports in the course of his duties he treated Daniels' report as routine and accordingly made the decision to initiate further search procedures by sending one of his field administrative officers to the Division, as soon as one was available from central office duties.

The Board of Trustees in making their decision had the benefit of feedback information from the previous decision cycle in that they were aware of the reports of Superintendent Giles and of the remedial measures that had been adopted by the Department of Education. They had the further knowledge of difficulties facing the Division with regard to the building

and maintenance programs and that much of the Secretary-Treasurer's time had been spent in supervising duties outside of the Divisional Office. This latter information was never made clear to officials of the Department of Education until the time of the Official Inquiry. In making their decision, therefore, the Trustees had available information that was not evident to decision-makers within the Department of Education. The Trustees were further constrained in their decision by the knowledge that it would be rather difficult to replace the Secretary-Treasurer locally and that it was exceedingly difficult to attract well qualified and competent persons to fill the position of Secretary-Treasurer from elsewhere in the Province. Well qualified and experienced people were generally not willing to seek employment in Fort Vermilion due to its isolated location.

A comparison of the two decision cycles also illustrates the lack of adequate communication between the Division and the Department of Education. The decision by the School Trustees to place the Secretary-Treasurer on official probation until the end of the year was not communicated to the Department of Education at any subsequent time.

VI. THE THIRD DECISION CYCLE

A third decision cycle, closely paralleling that occurring within the Department of Education can be identified with the events that were associated with the receipt of the Interim Audit by the Trustees.

Feedback from the Second Cycle

In making their decision to place the Secretary-Treasurer on probation until the end of the year, the School Trustees were well aware that the administration of the Divisional Office left much to be desired. Although they were annoyed to think that anyone could criticize the operation of the Division and the administration of the Divisional Office, they did realize that much of the dysfunction that was apparent could be due to their extension of the duties of the Secretary-Treasurer. They further anticipated that given the assistance of de Kleine, the Secretary-Treasurer would be able to restore the administration of the office to a satisfactory standard of operation by the end of the year.

The Stage of Awareness

The Interim Audit prepared by Nash and Nash was

forwarded to the Chairman of the Division on October 1, 1964, and was examined and discussed by the Trustees at their October 7th meeting. This audit was not requested by the Trustees but formed part of the normal operating procedures of the auditors and was carried out by them in order to reduce the volume of their work at the end of the financial year.

The Stage of Reaction

The Interim Audit submitted by Nash and Nash made reference to the following matters concerning the administration of the Divisional Office and to the activities of the Trustees:

(1) Several of the office accounts had not been kept up to date.

(2) There was evidence of unreceipted funds in the office.

(3) That the Board had made numerous substantial salary advances.

(4) That there were irregularities in operating account vouchers and invoices.

In connection with the above observations the auditors made the following recommendations to the Board:

(1) To instruct the Division staff to keep the accounts current.

(2) To receipt cash at once and deposit regularly.

(3) To have two signing officers for the payroll bank account.

(4) To reduce or eliminate staff advances.

(5) To see that monthly accounts for payment were in order and properly approved.

Many of the deficiencies in the operation of the Divisional Office that were pointed out in the Interim Audit were already known to the Trustees following the enquiries that they had made in response to Superintendent Daniels' report of September 4th. While they were disturbed about these deficiencies they realized that a period of only a few weeks had elapsed since their meeting with the Secretary-Treasurer and that as such he could not have been expected to have rectified all of these deficiencies in such a short time, particularly in view of the fact that they had given him a period of three months in which to accomplish this. They further expected that their employment of de Kleine would assist in rectifying these apparent deficiencies.

The practice of allowing staff salary advances had been in operation for some time in this Division. There had been several reasons for this practice. In the first place, such advances had been used as an incentive to obtain and retain staff for the Division. Secondly, until several years previous, there had been no regular banking facilities in the settlement. Finally, no auditor or Departmental official had

up to that time indicated to the Trustees that the granting of such advances was contrary to accepted business practice or school law. The recommendation of the auditors, therefore, was the first indication that the Trustees had ever had that such procedure was undesirable or unsound.

The matter of the efficient operation of the School Division had been of concern to the Trustees throughout 1964. Earlier in the year, in an endeavour to "streamline" their administration, they had developed committees to deal with bus matters, buildings, plant and maintenance, purchasing, salary negotiation, teacherages and accounts payable. In viewing the suggestions made in the Interim Audit they took into consideration that earlier in the year, they had formed these committees for the expressed purpose of obtaining a more efficient dispatch of Board business.

The Stage of Remediation

In considering the contents of the Interim Audit with respect to office and accounting procedures the Trustees made the decision to take no further action but to abide by the decision that they had made following the receipt of Superintendent Daniels' report of September 4th, 1964. In effect, their decision was to take no action on these matters but

rather to await the outcome of their previous decision.

With regard to the practice of granting salary advances, the Trustees decided to follow the advice given by the auditor and resolved that in the future such advances, unless under exceptional circumstances, would cease.

The Trustees also followed the advice of the auditors with respect to signing procedures for the payroll bank account. At this meeting a resolution was passed that in the future two signing officers would be required for this account.

The Stage of Observation

In their opinion the Trustees of the Division had adopted adequate remedial measures to counteract the dysfunctions that had been pointed out to them by the Interim Audit. With respect to office procedures, they had previously given the Secretary-Treasurer three months in which to rectify deficiencies in the performance of his duties, with the implicit understanding that if this were not done his services would no longer be required; they had agreed that no salary advances would be authorized in the future; and they had passed a resolution and notified their bankers to the effect that in the future two signatures would be required for the payroll bank account.

At this particular stage, therefore, the Trustees had adopted measures to rectify the dysfunctions that had been pointed out by Superintendent Daniels and by the auditors, Nash and Nash. As such, they were prepared to allow time to pass in which to observe the effects of the decisions that they had made upon the operation of the Division.

VII. THE FOURTH DECISION CYCLE

The events associated with the visit of Officers Shogren and Penrice to the Division on October 21st, their attendance at the School Board meeting and the decision of the Trustees to place the Secretary-Treasurer on an enforced holiday may be viewed as containing a fourth decision cycle.

Feedback from the Third Cycle

Following the receipt of the Interim Audit, the Trustees, at their October 7th, 1964 meeting had passed resolutions to rectify matters dealing with the issuing of staff advances and the requiring of two signatures for the Payroll Bank Account. Although the Interim Audit revealed deficiencies in the work of the Secretary-Treasurer, the Trustees initiated no further action in this regard as they considered that

insufficient time had elapsed since their special meeting with the Secretary-Treasurer for him to have shown any marked indications of improvement in his work and also that the measures that had been adopted at this meeting were sufficient to rectify the situation.

The Stage of Awareness

The Trustees first became aware of Departmental concern over the deficiencies in the Divisional Office at their regular meeting of October 21st, 1964 at which Field Officer Shogren outlined to them the deficiencies that had been revealed in the Interim Audit and by his and Penrice's investigations into the bookkeeping and accounting procedures of the Divisional Office.

The Stage of Reaction

Most of the information which Messrs. Shogren and Penrice had obtained from the Interim Audit and from their inspection of the Division Office was known to the Trustees. They, however, considered that the steps that they had taken at their September meeting with the Secretary-Treasurer and at the regular Board meeting on October 7th, 1964 were sufficient to remedy the dysfunctions that had been revealed.

An understanding of the decisions that had been made

by the Trustees prior to the visit of Shogren and Penrice to the Division on October 20th, 1964 helps to an understanding of the Trustees' reaction to these officers' comments at the August 21st Board meeting.

At this meeting Shogren outlined to the Board those areas in which he considered the administration of the Divisional Office to be deficient. During the Judicial Inquiry when being questioned on the events of this meeting Trustee Northey expressed the following opinion:

> Mr. Shogren did most of the talking at this meeting. I don't recall saying anything, only in answer to his remarks later in the evening and went on to explain the ills of the Division as he saw them.[3]

He elaborated on this statement when questioned by the counsel for the Commission, Mr. Redmond:

> Mr. Northey: Most of the points that had been brought up we had reviewed them. Of course as a result of the Special[4] (Interim) Audit and prior to this, we did realize, and it also covered a period of June when the Board realized that there wasn't sufficient time provided to the Secretary to have everything up to

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[3] Court Transcript, Volume 13, p. 41.

[4] Ibid., pp. 41-42. It is clear from the context that the word "interim" is intended. The Special Audit was not ordered and received until after this meeting.

date but they felt it would be caught up at a later date and they put top priority on our building program at that time.

Mr. Redmond: Yes. Now, so far as Mr. Shogren's criticisms about the state of things in the office was concerned, I take it you felt that those criticisms were not warranted?

Mr. Northey: They were warranted but I felt that he would have had an explanation of them by, if he had of asked the Trustees, if he had of asked the Secretary-Treasurer, I'm sure he could have obtained a satisfactory explanation as to some of the apparent inadequacies.[5]

It would appear that Field Administrative Officers Shogren and Penrice in their verbal report to the Board and later in their written report to the Department were not made aware of the remedial measures that had been previously adopted by the Trustees and which related to many of the criticisms elaborated by Shogren at the meeting. This may have been due to a negative reaction to the approach taken by Shogren in elaborating the deficiencies that he had found in the Divisional Office. The Testimony of Trustee Driedger during the Judicial Inquiry seems to support this:

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[5] Ibid.

Mr. Redmond: Now, can you recall what your view was as to the matter that Mr. Shogren complained about?

Mr. Driedger: I could not collect too much out of that meeting.

Mr. Redmond: Why was that?

Mr. Driedger: Because Mr. Shogren came to that meeting and it seemed to me that he had been wound up by somebody before he came to the meeting. He was pretty mad.

Mr. Redmond: Yes?

Mr. Driedger: And so, maybe I did not listen too much or maybe I couldn't understand what he actually did want.

The Commissioner: Well, were you wrought up too?

Mr. Driedger: No, I didn't say nothing. I was not, but I don't, I can hardly stand a man that's stomping up and down in a chair and I don't see any excuse for that.[6]

In his testimony at the Judicial Inquiry, Trustee Froese supports the view expressed by Trustee Driedger:

Mr. Redmond: Now, what did you, what was your view of the criticisms Mr. Shogren made about the conditions of the records and bookkeeping?

Mr. Froese: Well, it seemed to me that Mr. Shogren was kind of furious from the start on, and I insisted on having Cliff clarify some of these points.[7]

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[6] Court Transcript, Volume 12, pp. 171-172.

[7] Ibid.

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[7] Transcript, Volume 12, pp. 171-172.

Trustee Backstrom, the Board Chairman, in his testimony was, perhaps, not as strong in his description of Shogren's attitudes at that meeting but he did refer to Shogren's attitude as follows:

> Well, from what he said I and I think the rest of the Board gathered he wasn't very pleased with the administration of the Division.[8]

It would seem that the lack of communication between the Trustees and the field administrative officers at this meeting was due in some measure to the negative reaction of the Trustees to the criticisms made by Field Administrative Officer Shogren.

It was at this meeting that the telegram from the Deputy Minister was read requesting the Board to have a Special Audit performed and a motion passed to this effect. In connection with the Special Audit, Shogren made a suggestion to the Board that the Secretary-Treasurer be placed on suspension until such time as the Special Audit could be carried out.

The Stage of Remediation

The Trustees were not in favour of following Shogren's suggestion that the Secretary-Treasurer be placed on suspension.

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[8] Ibid., Volume 8, p. 63.

Such a move would indicate that the Secretary-Treasurer was guilty of some misdemeanour or of a breaking of trust.

They were most anxious to establish whether or not any breach of trust had been made and questioned Shogren on this matter. On hearing his reply in the negative, the Trustees would not consider placing the Secretary-Treasurer under suspension but made the decision that as he had holidays due to him, they would compromise by requiring him to take these with explicit instructions not to attend the office until November 20th. During this period Mr. de Kleine was to act as Secretary-Treasurer.

The Stage of Observation

Following this decision to place the Secretary-Treasurer on enforced holidays, the Trustees were then forced to take no further action until they had been acquainted with the contents of the Special Audit.

Summary of the Fourth Decision Cycle

This fourth decision cycle again illustrates the lack of effective communication between members of the School Board and members of the Department of Education. In their examination of the records and accounts of the Divisional Office, Field Officers Shogren and Penrice supported by the knowledge

gained from the Interim Audit came to the conclusion that sufficient deficiencies were apparent in the administration of the Divisional Office to warrant the recommendation to the Minister that a Special Audit be carried out.

Their request that a Special Audit be carried out was communicated to the Director of School Administration before they attempted to obtain the collective views of the Trustees of the Board on these deficiencies. At the Board meeting that night the rather forthright manner in which Shogren put forward to the Trustees his views of the deficiencies of the Divisional Office engendered a negative attitude in the minds of the Trustees such that they did not attempt to outline to him or to Penrice the remedial steps that they had already initiated to correct these deficiencies.

At the Department of Education, the Director of School Administration, upon receiving Shogren's telephoned report, had requested the Minister that a Special Audit be carried out, for with the information that he had received he rightly feared a situation had been revealed which was in need of further and more detailed investigation. In making this decision, however, he was not aware of the remedial measures that had been adopted by the Trustees.

VIII. THE FINAL DECISION CYCLE

A final decision-cycle in connection with the decision-making of the Trustees concerned the events relating to the receipt of the Special Audit, the receipt of Deputy Minister Swift's telegram of the 18th of November, 1964, and the Board's final decision to place the Secretary-Treasurer on probation for a period of three months.

Feedback from the Previous Cycles

At the Board meeting held on the 21st of October, the Trustees had been made aware that Messrs. Shogren and Penrice were highly dissatisfied with the deficiencies that their examination of the Divisional Office accounts and records had revealed, and which had been substantiated by the contents of the Interim Audit.

The Board members, however, had been aware of these deficiencies for some time and had taken, what were in their opinion, adequate remedial measures to correct these deficiencies. Because of the antagonism which Shogren's approach had aroused in the Trustees, however, the field officers and the Director of School Administration were not made aware of these.

The Stage of Awareness

At the Board meeting that was held on November 18th, 1964

XIII. THE FINAL DECISION CYCLE

A final decision-cycle in connection with the decision-making of the Executive concerned the events leading to the passage of the Eighth Amendment.

At the board meeting held on 4th July of October, the Director, however, the Field Officers and the Director [illegible] to [illegible] [illegible] [illegible]

the Chairman read to the meeting the Deputy Minister's telegram requesting information as to what steps the Board proposed to take to deal with the "intolerable" situation that had been revealed by the Special Audit which had been recently completed by Nash and Nash.

The Stage of Reaction

The Special Audit was made available and discussed by the Trustees at their regular Board meeting on November 18th, 1964. At this meeting two separate discussions were held concerning the report.

At the beginning of the meeting the Trustees briefly examined the contents of the Audit and most of their discussion related to those sections which outlined questionable Board transactions. Trustee Northey was particularly interested in seeking a clarification of the auditors' criticisms dealing with the use of his air service to transport Trustees. Following this discussion the report was tabled until later in the evening.

The reaction of some Trustees to the Special Audit was that the auditors had made errors with reference to certain aspects of the Division's accounting and that they had not examined all materials in the Divisional Office.

At the Official Inquiry, Trustee Froese had this to say in this regard:

> Mr. Froese: ... I couldn't figure out why all these invoices would be missing, and why there wouldn't be any vouchers or invoices. It didn't look right to me, I don't know, I didn't think it was that way actually.
>
> Mr. Redmond: Did it strike you then that the auditors then had made a mistake or had not seen all the materials that he should have seen?
>
> Mr. Froese: That's what I did, yes.[9]

Trustee Driedger expressed similar sentiments with regard to the Audit:

> Mr. Redmond: ... From what you saw of the Special Audit did you think it revealed anything serious or anything important?
>
> Mr. Driedger: Up to page ten?
>
> Mr. Redmond: Well, what ever you saw of it?
>
> Mr. Driedger: To me it didn't look too good and I thought I was sure, that the Division was not in that bad a shape.
>
> Mr. Redmond: You didn't think the situation was that bad?
>
> Mr. Driedger: Not only I didn't think, I was sure it was not in that bad shape.
>
> Mr. Redmond: Well, then, you felt the Special Audit was wrong?

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[9] Court Transcript, Volume 12, p. 134.

MR. BRADSHAW: ... Never mind! You see to the Special Constable and the gentlemen who have been detained in the guard-room. Let them depart immediately.

MR. BRADSHAW: Up to your game, eh?

MR. DARNLEY: Well, what have you to say?

MR. BRADSHAW: Say? Why, I say it's a most unwarrantable proceeding. I demand to be released at once.

MR. DARNLEY: To me it's all one, I look upon you both as prisoners.

MR. BRADSHAW: Well, you'll be sorry for this.

MR. DARNLEY: Up to your game, eh?

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MR. BRADSHAW: Say? Why, I say it's a most unwarrantable proceeding. I demand to be released at once

Mr. Driedger: Yes.[10]

This testimony would seem to indicate that some Trustees at that meeting considered their judgement of the affairs of the Division and their knowledge of accounting and business procedures, were in some way superior to that of the auditor. Their judgement may have been due in some measure to a comparison of the present state of the Division with the knowledge of the difficulties that had been encountered in the Division in previous years when Trustees were constantly faced with the problems of inadequate finance and unsatisfactory staffing of the Divisional Office.

Later in the evening the telegram from the Deputy Minister was read before a second consideration was given to the details of the Special Audit. Some Trustees were confused as to the intent of this telegram. Trustee Driedger had this to say regarding the telegram:

> Mr. Redmond: ... Now, what about the telegram from Dr. Swift. Did that not indicate to you that he at least, thought the matter was serious? In his telegram he said it was intolerable.
>
> Mr. Driedger: Yes. Well this telegram was not too clear the way I understood it.
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> * * * * * * * * * * *

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[10] Court Transcript, Volume 12, p. 178.

Mr. Redmond: Now, what intolerable situation did you think the Deputy Minister was referring to?

Mr. Driedger: This was my question, actually ...

Mr. Redmond: Did you ask the question?

Mr. Driedger: Well, there was nobody able to know what it was about, it seems to me.

Mr. Redmond: You mean the Board did not seem to understand the telegram?

Mr. Driedger: Not too correctly.[11]

Trustee Driedger agreed that the contents of the Special Audit alone would give the impression of an intolerable situation but he felt that the Deputy Minister's opinion was based on an incomplete knowledge of the events that had occurred within the Division, particularly with regard to the difficulties that faced the Trustees and with regard to the remedial measures that they had adopted. In speaking of this matter he had this to say:

Mr. Driedger: If I had looked through the special audit not knowing anything else about the School Division I would have thought that this was an intolerable situation.

The Commissioner: You would have agreed with the Deputy Minister?

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[11] Court Transcript, Volume 12, p. 179.

Mr. Driedger: Yes, I then would have agreed if I just see (sic) the Special Audit.

Mr. Redmond: You say you knew more than that, did you?

Mr. Driedger: I did.

Mr. Redmond: Well, what was it that made you think with all your knowledge of the Division, that the situation was not intolerable?

Mr. Driedger: I thought this Division had improved a bit the last time.[12]

To some Trustees the Special Audit appeared to be only a magnification of the Interim Audit. Trustee Northey in his testimony spoke of it as follows:

Mr. Northey: Quite a number of these had been covered by the Interim Audit, the interim audit had been reviewed, it had been adopted, and the necessary resolution, the banking resolution, was made at that meeting and these, to me, seemed to be a magnification of the special audit. There are a few additional items but ...

Mr. Redmond: Do you mean the interim audit. You mean the special audit appeared ...

Mr. Northey: The special audit appeared to be a magnification of the interim audit.[13]

Some of the Trustees considered that the Special Audit

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[12] Ibid.

[13] Court Transcript, Volume 13, p. 49.

revealed little that was new and that they had discussed most of the matters relating to it in previous meetings. They also felt that the audit did not give an adequate view of the remedial measures that the Board had adopted in the first nine months of the year. Trustee Northey substantiated this view in his testimony at the Judicial Inquiry:

> ... I did feel with regard to the audit that it should have been expressed, the condition or the current condition of our administration, which we felt at this point was quite good. This had been expressed by the Secretary-Treasurer and as Mr. de Kleine has stated in evidence, that our books of accounting were in quite good condition as of September. I don't think we felt they were perfect but we did feel by the end of the year that we could not, we would not be criticised for the manner in which we were handling our administration.[14]

In considering the Special Audit, therefore the Trustees were of the following opinions:

(1) That the auditors, in making their audit had not given a correct impression of the state of the Division's bookkeeping and accounting procedures.

(2) That the auditors in making their audit had possibly over-looked many documents.

(3) That the Deputy Minister's reference in his telegram to an "intolerable" situation, did not indicate clearly what this situation was supposed to be.

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[14]Court Transcript, Volume 13, pp. 56-57.

(4) That the Department of Education was not aware of the improvements that had been shown in the Division's administration in the past nine months.

(5) That the Department was not fully aware of the difficulties facing their Division.

(6) That the Special Audit was only a magnification of the Interim Audit.

(7) That specific references in the Special Audit to incorrect Board procedures, e.g. the use of Trustee Northey's air services, were capable of explanation and that they were peculiar to that Division.

(8) That the Division could not legally dismiss the Secretary-Treasurer unless he had been placed upon three months official probation.

The Stage of Remediation

Following their discussions of the contents of the Special Audit, the Trustees passed a motion to place the Secretary-Treasurer on a period of three months probation. Their reasons for doing this were brought out in Trustee Northey's testimony as follows:

Mr. Northey: The decision of the Board was, a three month probationary period, yes.

Mr. Redmond: Well, now, before the Board had thought they should have things cleaned up by the end of the year, am I wrong in thinking that this motion seems to indicate that you gave him an extension in effect until February?

Mr. Northey: No, this now then became official and the reason for the three month probationary period was that we perhaps were misinformed. But as a result of the, a legal dismissal claim placed against us, in reference to O'Connell, it was our understanding that if you legally dismiss somebody you are forced to pay him three months salary. This is our, was our belief, and also the auditors had pointed out that there was an indebtedness to the Division by Mr. Dunn, this would give us an opportunity to recoup this, and thirdly I do believe we knew that Mr. Dunn was capable of doing good work and we felt that if he applied himself during this period he could, would then be deserved of a review of his performance.[15]

In making their decision, therefore, the Trustees emphasized three main considerations:

(1) That they did not want to become involved in a legal dismissal as they had previously in the case of o'Connell.[16]

(2) That in placing the Secretary-Treasurer on probation they would have some opportunity of recouping the monies he owed the Division.

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[15]Court Transcript, Volume 13, p. 58.

[16]Mr. O'Connell had been a maintenance foreman in the Division and upon the understanding of continuity of service with the Division had purchased a truck for use in his work. When he was dismissed after a short period, he sought and was given compensation for the purchase of this truck by the School Trustees. The Trustees paid this money on the advice of their solicitors.

(3) That although his work was inefficient at that time, Mr. Dunn was capable of good work and that they were willing to allow him time in which to demonstrate this.

The telegram which the Board Chairman sent to the Department of Education to notify the Deputy Minister of their decision did not indicate in any way any of the above reasons. As such, to the Deputy Minister and his officials, the telegram indicated that the Trustees were not prepared to take any satisfactory remedial measures but were in effect, continuing a situation that had existed for several months. Deputy Minister Swift's testimony at the Judicial Inquiry substantiates this view:

> Well, it indicated only one thing. That is, reading from the telegram that the Board ... moved to retain the services of C. I. Dunn as Secretary-Treasurer on a three month probationary period. Performance to be reviewed during February. In other words, there was to be no change in the situation other than Mr. Dunn was now to be on probation.[17]

The Stage of Observation

The Trustees, having made their decision to place the Secretary-Treasurer on a three month probationary period were then prepared to wait until the end of the year before making another assessment of the administration of the Divisional Office.

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[17] Court Transcript, Volume 6, p. 59.

Their telegram to the Deputy Minister concerning the Secretary-Treasurer's probation, however, because of its failure to indicate to the officials of the Department of Education that the Trustees were prepared to initiate what the Departmental Officials considered to be any thoroughly satisfactory remedial measures, set in motion the decisional machinery that was to result in the Minister's decision to appoint an Official Trustee to the Division.

IX. SUMMARY OF THE CHAPTER

In this chapter a description of the decision-making of the Trustees of the Fort Vermilion School Division has been given. An understanding of this process that occurred in the School Division allows for a better understanding of that occurring within the Department of Education.

Communication

From an analysis of the Trustees decision-making it would appear that there was inadequate communication between the decision-makers in the Department of Education and the decision-makers at the School Board.

The Trustees' decision to place the Secretary-Treasurer on probation at their meeting following the receipt of Superin-

tendent Daniels' report of September 4th, their failure to advise Messrs. Shogren and Penrice of these remedial measures at the Board meeting on October 21st, 1964 and their failure to provide a more adequate answer to Dr. Swift's telegram of the 18th of November, 1964, pointing out the reasons for their action in placing the Secretary-Treasurer on three months probation, are examples that illustrate this lack of communication. Had the Trustees made the Departmental Officials aware of the premises upon which they had based their decision it would be reasonable to assume that the remedial measures adopted by the Department of Education and the Minister may well have taken another course.

A partial explanation for this lack of communication between Trustees and Departmental Officals may be gained from the description of the Board meeting of October 21st. At this meeting the Trustees tended to resent what they perceived to be an aggressive approach on the part of Field Officer Shogren in elaborating the deficiencies that he and Penrice had discovered in the operation of the Divisional Office. Perceiving what they considered to be an agressive attitude by the field administrative officer, the Trustees failed to communicate to him those remedial measures that they had adopted, viz. the placing of the Secretary-Treasurer on a

three month probationary period, the securing of de Kleine to assist in the office accounting, and the changes in the Payroll Bank Account.

It is also reasonable to speculate that Trustees' resentment of previous Departmental action may have contributed to a failure in communication between the Department and the Trustees. The matter of the furnace room floors, for example, had shown that the Division was placed in a position of added costs which were due to a failure on the part of the School Buildings Branch and the Provincial Fire Commissioner's Office to detect at the planning stage of building the fact that furnaces in some schools were to be installed onto wooden floors. The Trustees, in 1964, were faced with an exceedingly heavy maintenance budget on buildings in the Division, many of which were less than five years old. The methods of construction used in these buildings had been approved by the Department of Education and presumably officers from the School Buildings Branch had inspected and approved such construction upon its completion.

Some of the lack of communication between the Trustees and the Departmental Officials may have been due to the means of communication adopted by the Department. In an attempt to convey his and other Departmental Officials' concern over the

state of affairs revealed by the Special Audit, the Deputy Minister had sent a telegram to the Trustees in which he sought to gain from them the remedial measures that they proposed to adopt to correct the "intolerable" situation revealed by this audit. It would appear, however, from the evidence given by Trustees at the Judicial Inquiry, that they were confused as to what was meant by an "intolerable" situation. Had the Deputy Minister adopted some other means of communication to convey his concern with the matters revealed by the Special Audit and to give some indication of the expectations that he held regarding the Trustees' reactions to this audit, the decision-making of the Trustees may well have taken a course that would have met with the Department's approval.

The Effect of Feedback

There is evidence to suggest that feedback from preceding decision cycles was operative in succeeding decision cycles within the sequence.

In formulating its decision regarding the report submitted by Superintendent Giles on August 5th, 1963, the Trustees took into account the history of difficulty that had faced the Division with regard to the employment and retention

of suitable office personnel. Similarly, when considering the report of Superintendent Daniels of September 4th, 1964, the Trustees were aware of this previous history of difficulty in obtaining suitable staff and as well had the knowledge of Giles' earlier report. It would seem, however, that their perception of the events relating to Giles' report was that there had been a personality clash between Giles and Dunn and that much of the report of Superintendent Giles was a reflection of this conflict.

When making their decision in September, 1964, to allow the Secretary-Treasurer three months in which to correct the deficiencies in office administration that had been pointed out by Superintendent Daniels in his report, the Trustees again took into account the difficulties associated with the securing of competent office staff, but also, indirectly they took into account the fact that much of the dysfunction in the Divisional Office could have been of their own making due to their extension of the Secretary-Treasurer's duties in connection with supervision and maintenance in the Division.

When considering the Interim and Special Audits, the Trustees' reactions to these documents seemed to have been conditioned by a knowledge of their previous decisions with

regard to the report of Superintendent Daniels. Following Superintendent Daniels' report, the Trustees had placed the Secretary-Treasurer on three months probation with the implication that if the office administration was not satisfactory at the end of that time, his services would no longer be required. The Trustees further considered that the Interim and Special Audits were merely extensions of Superintendent Daniels' report. As such, they did not attach the same significance to these documents as did the officials of the Department of Education. In effect, their decisions with regard to the Interim and Special Audits were conditioned to a large extent by the feedback that they received from previous decision cycles.

Search Procedures

The search procedures adopted by the Trustees did not appear to be as extensive or as directed as those adopted by the Department of Education officials in formulating their decisions.

Following the receipt of Superintendent Daniels' reports, the Trustees held a meeting at the Fort Vermilion School to consider its contents. After a discussion of this report at the school the Trustees then retired to the Divisional Office

where they confronted the Secretary-Treasurer with the criticisms contained in the Report. At this time they were content to accept the explanations of the Secretary-Treasurer without adopting any other procedures to verify the extent of the Superintendent's criticisms. There is no evidence to suggest that the Trustees did in fact make any inspection of the bookkeeping and accounting of the Divisional Office, nor did they make any provision to secure the advice and assistance of the firm of auditors and accountants whose services they retained for this purpose.

There is also evidence to suggest that in their reading of the Interim and Special Audits no attempt was made to have a detailed study made of these documents to secure competent professional advice as to their interpretation. The reply of Trustee Froese to Mr. Redmond's questioning during the Judicial Inquiry seems to indicate this:

> Mr. Redmond: ... I am referring to the top of page two where Mr. Holm says that there is a serious financial condition which has arisen because various things are alleged not to have been done so that the money did not come in. Now, do you recall seeing that when you saw the Special Audit?
>
> Mr. Froese: We didn't go through this special audit very thoroughly at the meeting, as I

recall it.[18]

Again, this is substantiated in the testimony given by Trustee Driedger:

> Mr. Redmond: Well, you said you didn't read it (i.e. the Special Audit) Mr. Driedger?
>
> Mr. Driedger: No, but we got on to page ten and that as far as we got that night.
>
> Mr. Redmond: Did you read the first nine pages?
>
> Mr. Driedger: I just looked through them, not thoroughly read them, just looked them over.[19]

This conversation seems to suggest that in formulating their reply to the Deputy Minister's telegram, the Trustees had only given a very cursory examination to the first nine pages of the Audit and that in making their decision to retain the services of the Secretary-Treasurer they had initiated no search procedures to augment or to verify the impressions of mismanagement or inefficiency that they had gained from this Special Audit.

The Awareness of Dysfunction

The Department of Education became aware of dysfunctions

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[18] Court Transcript, Volume 12, p.123.

[19] Ibid., p. 175.

in the operation of the Fort Vermilion School Division by what may be referred to as a cumulative process. The reports of Superintendent Giles, the report of Superintendent Daniels, the visit of Kinsey to the Department, the Interim and Special Audits and the experience of the events associated with the 1964 building and maintenance programs and the replacement of defective furnace room floors in some schools of the Division together formed in the minds of the officials of the Department of Education an impression of a lack of supervision and direction by the Trustees of the Division, and of incompetence or inefficiency on the part of the Secretary-Treasurer. While each of these events, in itself, may have been of somewhat minor concern, the cumulative effect led to the realization by Departmental officials that the situation in the Division was one of serious concern.

It would appear that the Trustees of the Division regarded each dysfunction as a separate entity and were not aware of each as part of an overall problem. This may be seen in their assessment of Superintendent Daniels' report, in that they attributed the effects of the extension of the Secretary-Treasurer's duties to have contributed towards his inefficient performance in the Divisional Office. It was also because of this tendency to view each dysfunction

separately that they did not react in a more positive way to the dysfunctions that were revealed in the Interim and Special Audits.

It is, perhaps, this difference of perception of dysfunction between Trustees and Department of Education officials that accounts for the Trustees' failure to adopt more stringent remedial measures following receipt of the Special Audit. Where the Deputy Minister had considered the situation revealed by the Audit to be "intolerable," the Trustees were somewhat puzzled as to what the Deputy Minister meant by this term.

CHAPTER IX

A SUMMARY OF THE DECISION MAKING PROCESS

I. INTRODUCTION

In Chapters Seven and Eight, the decision-making cycles that occurred within the Department of Education in connection with the final decision of the Minister of Education to appoint an Official Trustee to the Fort Vermilion School Division, and the decision-making cycles that occurred within the School Board in connection with these events were outlined and some analysis of these cycles and of the total process of decision-making were given. This chapter attempts to summarize the total process of decision-making that occurred and to describe its main characteristics. An attempt is made to show the interaction that occurred between the decision-making process that occurred within the Department of Education and that which occurred within the Fort Vermilion School Board.

II. THE PROCESS OF DECISION MAKING

In Chapter One of this thesis a research framework was proposed, the purpose of which was to provide a means of examining and ordering the events and causes leading to the

CHAPTER II

A SUMMARY OF THE SELECTION MAKING PROCESS

decision of the Minister to appoint an Official Trustee to the Fort Vermilion School Division. It was proposed in this framework that the decision-making process consisted of a series of interrelated and interconnected decision cycles joined to each other through a mechanism of feedback. Each separate decision cycle was visualized to consist of four distinct stages, an awareness stage, a reaction stage, a remediation stage and a stage of observation.

In Chapter Seven of this study the decision-making of the members of the Department of Education was examined in terms of this research framework. The following conclusions emerged from this examination.

The Sequential Nature of Decisions

It would appear from an examination of the decision-making process that occurred within the Department of Education that when dealing with a particular problem, decisions form part of an interrelated and interconnected sequence.

The decision to send Field Officer Penrice to the Division in October 1963, the decision of the Director to send a field administrative officer to visit the Division as soon as one was available following the receipt of Superin-

tendent Daniels' confidential report of August 20th, 1964, the decision to send Officers Shogren and Penrice to visit the Division, the decision to order a Special Audit, and the final decision to appoint an Official Trustee to the Division were all made in response to perceived dysfunctions occurring within the administration of the Division.

In examining this series of decisions it would appear that each was related to one central problem, viz. the inadequate supervision and direction of the Trustees of the activities of its administrative staff. Where each decision cycle differed, however, was in the accumulation of knowledge relating to dysfunction. At the time of Superintendent Giles' and Superintendent Daniels' reports the information available to decision-makers in the Department of Education was such that the problem upon which a decision had to be made was related to the performance of the Secretary-Treasurer. With the feedback that was obtained from these earlier cycles and with the obtaining of new information such as the Interim and Special Audits, the visits of field officers and the experience that officials had in connection with such matters as the 1964 building and maintenance programs, a change occurred in the Department's perception of the nature and causes of the dysfunctions occurring within the Division.

Where earlier information had indicated a relatively minor problem, viz. the inefficiency of the Secretary-Treasurer, further information revealed a more extensive problem, that of the failure of the Trustees to supply adequate supervision and leadership. Looking at the total process it may be said that awareness of dysfunction was cumulative from cycle to cycle, such that in each succeeding cycle, decision-makers in the Department had a much broader range of information and were capable of considering a much wider range of decisional alternatives.

Feedback between Cycles

The analysis of the decision-making cycles emphasizes the importance of feedback between decision cycles. When initiating a new decision cycle, decision-makers within the Department of Education had the benefit of knowledge from previous cycles. When the Director of School Administration, for instance, made the decision to send officers Penrice and Shogren to the Fort Vermilion Divisional Office, he had available the conficential report of Superintendent Daniels. The information that he gained from the visit of Kinsey to the Department confirmed and added greater significance to the content of the Superintendent's report. Similarly, when

the decision was made by the Director of School Administration to request a Special Audit, the reports of Officer Shogren merely confirmed and extended the knowledge that he had obtained from earlier sources.

Search Procedures

A propensity to search for additional information was characteristic of the decision-making of the officials of the Department of Education. Upon receipt of Superintendent Giles reports, the Director of School Administration dispatched a field officer to the Division to evaluate and verify its content. The Director's reaction to Superintendent Daniels' report followed a similar pattern in that he made the decision to send a field officer to the Division, as he was not prepared to initiate any action before verifying the contents of the report and before he had knowledge of the Trustees' reactions as well. Similarly the dispatch of Shogren and Penrice to the Division on October 20th, 1964, the ordering of the Special Audit and the Deputy Minister's telegram of November 18th, were all directed towards a search for more information upon which decisions could be based.

Another interpretation can also be placed upon such search procedures. In some respects these can be seen as a

desire upon the part of the Departmental officials not to interfere with the autonomy of the local Board. As Deputy Minister Swift commented during the Judicial Inquiry when speaking about the telegram which he sent to the Board, the remedying of dysfunction occurring within the Division was really the responsibility of the School Trustees and not that of the Department.[1]

III. SCHOOL BOARD AND DEPARTMENT OF EDUCATION DECISION-MAKING PROCESSES

In Chapter Seven of this study an examination of the process of decision-making that occurred in connection with the final decision of the Minister of Education to appoint an Official Trustee to the Fort Vermilion School Division was carried out. In Chapter Eight a similar analysis of the decision-making that was carried out by the Divisional Trustees was outlined. This section attempts to outline the similarities and differences between these two separate lines of decision-making and to point out the major characteristics associated with the total process of decision-making that occurred.

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[1] Court Transcript, Volume 6, pp 55-56

process of decision-making first occurred in connection with the first decision of the Minister of Education to appoint an Official Trustee to the York Mills School Division was carried out. In Chapter Eight a similar analysis of the decision-making first was carried out by the Provincial Secretary. Trustee was confirmed. This section attempts to confirm the factors associated with the first process of decision-making and to point out the major characteristics and objectives common to both decision-making processes.

III. SCHOOL BOARD AND DEPARTMENT OF EDUCATION DECISION-MAKING PROCESSES

I

Was really the responsibility of the School Trustee and the Division Superintendent of Education occurring within the Division should be reported upon the relationship which he sent to the Board. Minister's staff commenced during the Judicial Inquiry when interest with the autonomy of the local Board As Deputy decide upon the part of the Departmental officials not to

Departmental and School Board Goals

Broadly speaking, the ultimate educational goals of the Department of Education and of the Fort Vermilion School Divisional Trustees were similar in that each of these bodies was committed to the provision of the best possible educational opportunity for the children of the Fort Vermilion Division. At no time during the case was there any evidence to suggest that the actions of either body deviated from this goal. The Minister of Education in exercising his regulatory function by appointing an Official Trustee to the Division did so because he considered that the administration of the Division contained such dysfunctions that their continuance would be detrimental to the quality of education being offered within the Division and because the Trustees did not appear to be adopting satisfactory remedial measures to rectify these dysfunctions. The Trustees too, considered that their administration was effective and that the standards of operation were far superior to any that had been evidenced in the past. Judge Buchanan, in his summary of the Judicial Inquiry, supported the integrity of the Trustees and offered as evidence the statement of Trustee Driedger, "I wanted to be a good Trustee," as evidence of his good faith, a statement which he considered could well have been uttered by any of the

Trustees. (Supra., p. 263).

Board and Departmental Criteria of Effectiveness

In assessing the effectiveness of their operation it would appear that the Fort Vermilion School Board Trustees tended to base their estimates upon a comparison of present and past Board performance. This may be expressed as follows:

$$\text{Trustee Criterion of Effectiveness} = \frac{\text{Measures of present performance}}{\text{Measures of past performance}}$$

Throughout the Judicial Inquiry the Trustees in their testimony gave evidence which supported this view. Trustee Northey's description of the use of committees (Supra., p. 272) and his description of steps that the Board had taken to ensure correct building procedures by the hiring of Munzel and Associates illustrate this. The point is also well illustrated in the testimony of Trustee Froese who when referring to the Board's accomplishments in 1964 cited such matters as improved relationships between the Board and bus drivers, improved contractual procedures regarding school construction, the hiring of an architectural firm to give building and maintenance advice, increases in office staffing, and the use of committees.[2]

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[2]Court Transcript, Volume 12, pp. 156-159.

Where the School Trustees appeared to adopt a measure of effectiveness that involved a comparison of past and present performance the Department of Education would appear to have based their assessment upon a comparison of present performance with acceptable province-wide procedures and accepted business procedures, i.e.

$$\text{Department's Effectiveness} = \text{Criterion of} = \frac{\text{Present performance}}{\text{Accepted province-wide and business procedures.}}$$

It would appear, therefore, that in assessing the effectiveness of the operation and administration of the School Division, the Trustees and the officials of the Department of Education were adopting different criteria upon which to judge this effectiveness. This difference in criteria may account, therefore, for the differences in perception of dysfunction between Trustees and Departmental officials. The performance of the Secretary-Treasurer's duties, for instance, was not perceived by the Trustees to involve matters of such concern as did the officials of the Department of Education and this may have been due to their comparison of his performance with the performance of previous incumbents.

The Perception of Dysfunction

As mentioned above, a comparison of the decision-making cycles of the Department of Education and those of the School Trustees suggests that there was a difference in the perceptions of each decision-making body regarding the nature of dysfunctions occurring within the administration of the Division.

Figure X is a diagrammatical representation of a difference in perception of dysfunction in the administration of the School Division between School Trustees and Departmental officials:

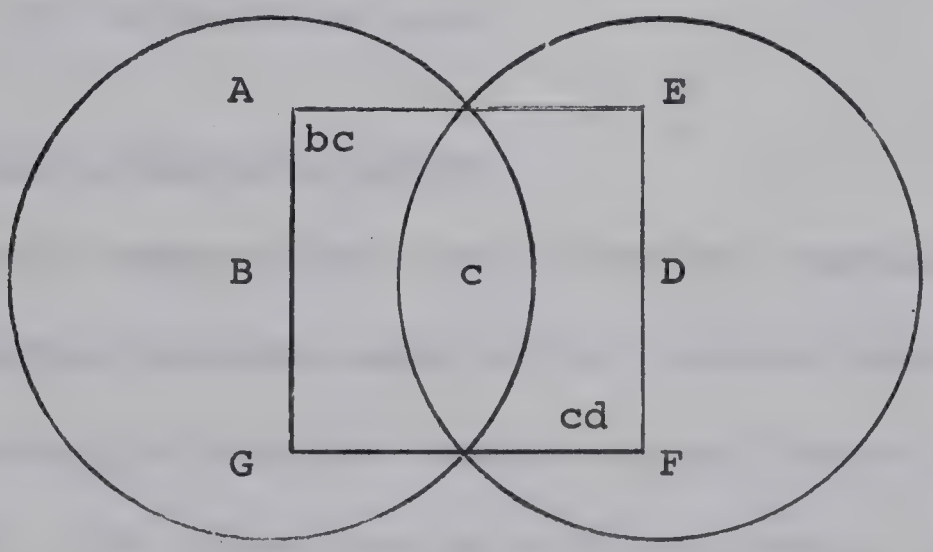

FIGURE X

DIFFERENCES IN PERCEPTION OF DYSFUNCTION

In this figure the perceptions of dysfunction of the Board are represented by the circle "B". The perceptions of dysfunction of the officials of the Department of Education

are represented by the circle "D". The rectangle AEFG represents a particular dysfunction or dysfunctions occurring within the administration of the School Board. Area "c" represents the shared perceptions of Departmental Officials and School Trustees, while areas "bc" and "cd" represent those perceptions, respectively, of the Trustees and the Departmental Officials which were not apparent to the other decision making body. It would appear from an examination of the related decision cycles of the School Trustees and of the Departmental Officials that a situation similar to that represented in Figure X existed between related cycles in the two streams of decision-making.

A Comparison of Decision Cycles

It would appear that the situation represented in Figure X existed between each of the related decision-making cycles occurring within the Department of Education and the School Board. To illustrate this relationship, the relationship between decision cycle five of the Department of Education and between decision-making cycle five of the School Board is examined. These decision cycles were concerned basically with Trustee and Departmental reactions to the Special Audit and were related to the Deputy Minister's telegram of November

18th, 1964, and that of the Board Chairman on November 19th, 1964.

The Board's Perceptions of Dysfunction. The Trustees reaction to the Special Audit appeared to be three-fold:

(1) It was merely an extension of the deficiencies enumerated in the Interim Audit.

(2) They considered that in some respects the auditors were in error and had made a somewhat superficial examination of Divisional records.

(3) They considered that the auditors were not aware of special situational factors relating to the Division.

To the Trustees of the Division the Special Audit was merely a repetition and extension of dysfunctions that had been revealed by the Interim Audit and which had been revealed previous to this by Superintendent Daniels' report of September 4th, 1964. Following the receipt of Superintendent Daniels' report they had held a special meeting at which they had agreed that much of the inefficiency existing in the Divisional Office had been occasioned by the added duties that they had imposed upon the Secretary-Treasurer. At this time they had placed the Secretary-Treasurer on three months unofficial probation and had secured additional accounting help for him by the employment of de Kleine. Similarly, when

they received the Interim Audit their reaction to this report was conditioned by a knowledge of the remedial measures that they had adopted in connection with Superintendent Daniels' report and, in addition, they had passed a motion to implement the auditors recommendations with regard to the payroll account.

In this description of decision-making cycle five of the decision-making of the School Trustees it was pointed out that the Trustees considered that the Special Audit did not adequately reflect the true condition of the Division. (supra., p.376). In response to questioning during the Judicial Inquiry, Trustee Driedger had commented "... I was sure that the Division was not in that bad a shape," (Supra., p.376) and had later confirmed this opinion by stating: "not only I didn't think, I was sure it was not in that bad a shape," (Supra., p.376). When questioned further by Mr. Redmond on this point he admitted that he felt that the Special Audit was wrong.

There is also evidence in the testimony of the Trustees given at the Judicial Inquiry to indicate that they considered that criticisms contained in the Special Audit were based upon insufficient knowledge of the particular problems associated with a Division as isolated as Fort

Vermilion. One example of this was Trustee Northey's reactions to the auditors' criticisms of the use of his aircraft to transport school Trustees. During the Judicial Inquiry Trustee Northey had this to say:

> ... I expressed to the Board that I would be glad to take them to Edmonton but I wanted to question whether I was allowed to under the Act. It was discussed and the Superintendent and the rest of the Board members were of the opinion that in view that it was services that it would not violate the Act. And so therefore, I questioned to the, perhaps wrongly, but I questioned the auditors for not endeavouring to clarify this point with me and seek out some information before publishing such a report, then make their decision.[3]

Evidence of the Trustees' perception of the nature of dysfunctions occurring within the administration of the Division and particularly with regard to the Special Audit can be seen in their reaction to the Deputy Minister's telegram of November 18th, 1964, wherein he referred to the situation revealed by the Special Audit as "intolerable". During the Judicial Inquiry the following conversation took place between Trustee Northey and Mr. Redmond concerning the Deputy Minister's telegram:

> Mr. Northey: ... and we felt that we (i.e. the Trustees) should, even though it was late, make a concentrated effort to

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[3] Court Transcript, Volume 13, p. 48.

determine first of all the intent of the telegram and various suggestions were offered as to what the telegram actually meant, what we were expected to do.

Mr. Redmond: Well, first of all, what comments do you recall being made as to the meaning of the telegram?

Mr. Northey: Well, it was short, it was brief.

Commissioner: It was what?

Mr. Northey: It was brief, and it appeared more as a command than a request, but to find out the nature of the command this, I think took quite some time.

* * * * * * * * * * *

Commissioner: You just don't know why he described the situation as intolerable. Is that it? When you say the meaning of the telegram?

Mr. Northey: Well, intolerable could apply to quite a few aspects of the Division in somebody's (sic) elses mind. This is what we were trying to establish.[4]

It would appear, therefore, that the Trustees did not view the situation within the Division to be one which was intolerable and as such were somewhat confused as to the intention of the Deputy Minister's telegram.

There was also evidence in the testimoney of the Trustees

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[4]Court Transcript, Volume 13, pp. 52-54.

during the Judicial Inquiry to indicate that their perception of dysfunction was made relative to the past performance of the Board. Significant in this regard was Trustee Driedger's reply to Mr. Redmond's questioning as to whether he considered that the situation in the Division as revealed by the Special Audit was intolerable. This reply was: "I thought the Division had improved a bit the last time."[5]

There was also some evidence to suggest that perhaps the Trustees felt that the members of the Department of Education were interfering with the local autonomy of the Board. As mentioned above (supra., p. 408), Trustee Northey referred to the Deputy Minister's telegram as a "command." The Trustees' reactions to Field Officer Shogren's somewhat forthright enunciation of their shortcomings at the meeting on October 21st also seems to indicate the possibility of such an opinion.

In summary, therefore, the Trustees did perceive that the administration of the Divisional Office left much to be desired but at the same time they were aware of the following considerations:

(1) The Special and Interim Audits were merely repetitions and extensions of Superintendent

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[5]Court Transcript, Volume 12, p. 181.

Daniels' report upon which they had taken adequate remedial action.

(2) That they considered that the Special Audit was incorrect in some aspects and had been formulated upon an incomplete investigation.

(3) That relative to past Board performance the present Board's performance was much improved.

(4) The Deputy Minister's reference to an intolerable situation was not clearly defined.

(5) That, perhaps, the Department of Education was tending to dictate to the Board and in this way was interfering with local autonomy.

(6) That the auditors in formulating their impressions of the administration of the Division did not take into account situational factors peculiar to that Division because of its isolated nature.

Departmental Perceptions of Dysfunction. The presence of dysfunction in the operation of the Fort Vermilion School Division had been revealed to officials of the Department of Education in a cumulative manner. The report of Superintendent Giles, the report of Superintendent Daniels, the experiences of Departmental Officials with the Board over the matters of the 1964 building and maintenance programs, the replacement of defective furnace room floors in some schools of the Division, the Interim Audit, the visit of officers Shogren and Penrice to the Division and their subsequent verbal and written reports, and the Special Audit, each contributed

towards the development of an impression that the Trustees of the Division were providing inadequate leadership and supervision. This opinion was shared by the Commissioner of the Judicial Inquiry, Judge N. Buchanan, who in his report stated:

> The Deputy Minister and his advisers, in addition to the alarming evidence contained in the Special Audit, thus had a body of information in respect of the past performance of the Board and its Secretary-Treasurer which must have provoked in their minds grave doubts as to the ability of the Division, under their joint guidance, to meet the problems of 1965 ...[6]

Where the earlier reports of Superintendents Giles and Daniels had focussed upon the Secretary-Treasurer's inefficient performance of his duties, later evidence appeared to demonstrate that these were symptomatic of a much deeper problem, viz, the apparent failure on the part of Trustees to provide adequate leadership and direction to the staff of the Division. At the time of the Special Audit it would appear that the following main considerations were uppermost in the minds of Departmental officials:

(1) In his work the Secretary-Treasurer appeared to be inefficient or incompetent.

(2) The office administration of the Fort Vermilion Divisional Office appeared to be "in a state of confusion."

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[6]Judge's Summary, op. cit., p. 50.

(3) The Trustees did not appear to be demonstrating adequate leadership to personnel employed by the Division.

(4) The Trustees were not adequately supervising the work of the Secretary-Treasurer.

(5) The Trustees did not appear to be following advice given by Departmental officials with respect to dysfunctions occurring within the administration of the Division.

(6) The Trustees did not appear to be initiating any thoroughly satisfactory remedial measures to correct deficiencies revealed by such sources as the Interim Audit.

The Deputy Minister's decision to send a telegram to the Board to seek their reactions to the Special Audit was made in order to establish whether or not the Trustees realized the gravity of the situation revealed by this audit and whether they were prepared to adopt adequate remedial measures to rectify this situation. To some of the Trustees this telegram was perceived as a command, but the Deputy Minister in formulating the telegram had reached no conclusions as to what remedial steps the Board should take. During the Judicial Inquiry the Deputy Minister responded to questioning on this matter as follows:

> Mr. Redmond: Now in the discussions that were had in the Department concerning the sending of this telegram ... did you or did your officials reach any conclusions or give any thought to what steps should be taken by the Board?

Dr. Swift: To the best of my ability to recall, no.

Commissioner: Would you mind repeating that question?

Mr. Redmond: Yes sir, I asked whether Dr. Swift or his officials had reached any conclusions as to what steps the Board should take as the telegram asks ...

Commissioner: Yes, and your answer?

Dr. Swift: My answer is no. It was their responsibility not ours.

Mr. Redmond: May I go this far and ask you whether either you or the officials under you in the Department suggested that in the course of these discussions on November the 18th, possible courses which the Board might take having seen the Special Audit?

Dr. Swift: I do not recall any such discussions.[7]

Thus, the officials of the Department of Education, while extremely disturbed over the condition of the administration of the Division, still perceived this to be a matter, the remedying of which was the responsibility of the School Trustees.

In summary, the officials of the Department of Education through an accumulation of evidence and feedback from previous decisions came to perceive a situation to exist in the Fort Vermilion School Division that was in need of urgent remedial action. They perceived the administration of the Divisional

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[7]Court Transcript, Volume 6, pp. 55-56.

Office to be in a state of confusion, that there was a lack of adequate leadership by Trustees and of supervision over the activities of the Secretary-Treasurer. They considered, too, that certain procedures revealed in the Special Audit, such as, for example, the frequency and large size of staff advances and the failure of the Board to recoup monies owing to it, were indicative of the Trustees' failure to ensure within their Division, the operation of sound business and administrative principles. What, perhaps, was of most concern, however, was the apparent absence of any satisfactory measures having been adopted or planned by the Trustees to remedy this situation.

Shared Perceptions of Dysfunction

In the diagrammatical representation of the differences in perception of dysfunction of the School Division between the School Trustees and Departmental officials, the overlapping area "c" designates the shared perceptions of these two decision-making bodies.

Both the School Board and the Department of Education had available to it certain common sources of information regarding the dysfunctions occurring in the administration of the Division. In written form, each had Superintendents

Giles' and Daniels' reports, the Interim Audit, and the Special Audit. Each of these documents indicated that the Secretary-Treasurer was deficient in the performance of his duties and each of the decision-making bodies was aware of this fact. A difference occurred, however, in the interpretation that each of these decision-making bodies placed upon these facts. The Trustees in their evaluation of these materials considered such situational factors as the difficulty of obtaining suitable and well qualified office staff and the effects of extending the Secretary-Treasurer's duties beyond those normally associated with this position. The officials of the Department of Education based their assessment upon accepted province-wide standards and accepted business and accounting procedures and it would appear that they did not place as much emphasis upon particular situational factors as did the Trustees. It would appear, also, that the Trustees' perceptions of the Interim and Special Audits were conditioned by the action that they had taken following the receipt of Superintendent Daniels' report.

In addition to the above sources, both decision-making bodies had available information regarding the 1964 building and maintenance programs and regarding the matter of the replacement of defective furnace room floors in some schools

of the Division. It would appear that the Trustees considered these as isolated matters and not related to the administration of the Divisional Office in any significant way, but to Departmental officials these were symptomatic of the much broader problem of the lack of Trustee direction and supervision.

As outlined above, it would appear that the Trustees of the Division considered the administration of the Division to be reasonably sound. In their assessment they had compared their present performance with the performance of the Board in past years. In formulating their assessment they considered such matters as the use of committees, the hiring of Munzel and Associates, the provision of better controls over maintenance by the use of supervisory foremen, a more adequate supervision of building and tendering, more stability in the Divisional Office and other related matters.

Areas of Perceptual Difference

In Figure X the area "bc" represents those aspects of the perception of dysfunction which were apparent to the School Board Trustees but which were not apparent to the officials of the Department of Education, or which did not enter into the considerations of these officials. The area

"cd" represents a similar area for the officials of the Department of Education.

Broadly speaking, the differences in the perceptions of dysfunction was one of perspective. To the Trustees of the Division the criticisms contained in the reports of the Superintendents, and the Interim and Special Audits, were basically criticisms of the work of the Secretary-Treasurer. Whatever criticisms regarding their performance were contained in these documents they considered to have been made upon inadequate evidence and on ignorance of situational factors associated with the Division. As mentioned above (Supra., p. 401) the School Trustees appeared to have assessed their performance relative to past performance of the Board. A better understanding of their reaction to the Interim and Special Audits may be gained if it is remembered that they perceived these documents to be merely extensions and amplifications of Superintendent Daniels' report of September 4th, 1964.

To the officials of the Department of Education these reports and audits were indicative of a failure on the part of the Secretary-Treasurer to perform adequately his duties but to them the main problem appeared to be the failure of the Trustees to provide adequate leadership and supervision

to the activities of the administrative staff of the Division.

One factor of significance in explaining the difference in perception of dysfunction between these two decision-making bodies was that following the report of Superintendent Daniels on September 4th the Trustees had initiated remedial measures which they considered would rectify the dysfunctions that he had pointed out. The officials of the Department of Education, however, were not fully aware of these remedial measures. Some evidence of this can be seen in Trustee Northey's comments regarding the Shogren-Penrice visit of October 20th, 1964. When he was referring to Shogren's criticisms he stated: "Most of the points that had been brought up we had reviewed them ..." (Supra., p.368) and later he spoke of these criticisms: "They were warranted but I felt that he would have had an explanation of them if he had of asked the Trustees ..." (Supra., p.369).

Perhaps one of the most significant differences of perception of dysfunction between Trustees and Departmental officials occurred with regard the financial condition of the Division. Because of their failure to recoup monies owing to them from the Northland School Division and the Commissioner of Taxation, because the Secretary-Treasurer had failed to submit requested information to enable the 1964

budget to be approved by the Department of Education, and because he had failed to prepare claims for capital grants, tuition and conveyance grants from the Federal government, special grants from the Provincial Government and notes for further bus loans that were urgently needed by the Division, the Division was in a very serious financial condition. The Trustees, however, because of the failure of the Secretary-Treasurer to keep them adequately informed in this regard and because of their failure to demand this information on a monthly basis, were not aware of this serious situation. To Departmental officials, however, this situation reinforced the impression of mismanagement by the Trustees that led to the Deputy Minister to describe the situation as intolerable.

IV. COMMUNICATION BETWEEN BOARD AND DEPARTMENT

An understanding of the process of cummunication that occurred between the Department of Education and the Fort Vermilion School Board is essential in understanding the process of decision-making that occurred in the case. When speaking of the relationship between communication and decision-making Simon states:

> The question to be asked of any administrative process is: How does it influence the decisions of these individuals? Without communication, the

> answer must always be: It does not influence them at all.[8]

Official and Non Official Communication

A distinction may be made between types of communication that occurred in the case as to whether they were official or non-official. Official communication may be defined as that occurring between persons in status positions within the two decision-making groups and which relates to formal tasks and organization. Non-official communication may be defined as that which takes place between a person not holding a status position within either of these two bodies and a person who does hold a status position.

In this case, officials of the Department of Education became aware of dysfunction occurring within the administration of the Fort Vermilion School Division through official and non-official communication channels. Official communication involved such means as the reports of the Superintendents, and the Interim and Special Audits. Non-official communication involved such means as the visit of Kinsey to the Department of Education at which time he revealed the presence of an Interim Audit which be believed contained some disquieting

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[8]Simon, op. cit., p. 108.

information regarding the administration of the Division. In this case, the receipt of information leading to the awareness of dysfunction was not always the result of a deliberate process of search.

The Means of Communication

A variety of means of communication were used in the course of the events which took place in the case. Formal written reports were submitted by Superintendents Giles and Daniels, and by Field Officers Shogren and Penrice. Face-to-face oral communication occurred between the Director of School Administration, the School Trustees and the Secretary-Treasurer. Use was made by Field Officer Shogren of the telephone when reporting the results of his investigation of the Divisional Office to the Director of School Administration and telegrams were used by the Deputy Minister and the Board Chairman.

It would appear from an examination of the events of the case that the particular means of communication that were used in certain instances during the case had a very significant effect upon the decision-making of the Department and of the School Trustees. A very significant example in this regard was the Trustees' reaction to the Deputy Minister's

telegram of November 18th, 1964 in which he described the situation revealed by the Special Audit as being "intolerable" and in which he sought information regarding the remedial measures proposed by the Trustees. Although the Deputy Minister and his officials may have been fully aware in their own minds as to what constituted an "intolerable" situation, it would appear from the testimony of the School Trustees during the Judical Inquiry that they were confused by the word "intolerable" and were uncertain as to which aspects of the Special Audit this referred.

A similar case, of where the use of a telegram provided inadequate communication, was that which the Board Chairman sent to the Deputy Minister of November 19th. This telegram merely stated that the Board of Trustees had decided to place the Secretary-Treasurer on three months probation, an action which appeared to Departmental Officials to offer no change in the existing situation within the Division. At the Board meeting at which the decision was made to send this telegram, however, the following matters were considered by the Trustees:

(1) The Trustees, because of a previous case involving the dismissal of a maintenance foreman and an out-of-court settlement, considered that it would be necessary to place the Secretary-Treasurer on probation before he could be legally dismissed.

(2) Because the Secretary-Treasurer owed the Board a considerable amount of money his services should be retained in order to recoup this amount.

(3) The Trustees considered that much of the Special Audit was inaccurate or at least capable of a satisfactory explanation.

(4) The Trustees wished to have a clarification of certain aspects of the Special Audit before initiating any further action.

(5) The Trustees felt that the Special Audit was only an amplification of the Interim Audit and of the criticisms contained in Superintendent Daniels' report and that they had previously initiated remedial measures that would correct the deficiencies contained in these reports.

The telegram which the chairman sent to the Department, therefore, did not reveal any of the Trustees' reactions to and reservations concerning the Special Audit, but instead gave the impression that they did not fully appreciate the gravity of the situation revealed by the Audit and that they were not prepared to initiate any thoroughly satisfactory remedial measures to correct the deficiencies that it had revealed.

The Effects of a Lack of Effective Communication

From an examination of the decision-making cycles of the Department of Education and of the School Trustees it would appear that a lack of effective communication between

these two groups had a significant effect upon the decision-making of both groups.

Following their receipt of Superintendent Daniels' report upon the Secretary-Treasurer's performance of his duties, the Trustees had held a special meeting at which they had discussed the Superintendent's criticisms. At this meeting the Trustees had decided that much of the inefficiency in the work of the Secretary-Treasurer had been due to the added duties that they had imposed upon him. In view of this fact and considering that they had recently employed de Kleine to assist with the office work, the Trustees placed the Secretary-Treasurer on three months unofficial probation, with the implication that if his work did not improve by that time his services would no longer be required. The adoption of these remedial measures, however, was not communicated to the Department of Education. It may be reasonable to assume that a knowledge of these attempted remedial measures might have had an effect upon the subsequent decision-making of the officials of the Department of Education.

At the Board meeting held on October 21st the Trustees were somewhat alienated by the forthright manner in which Field Officer Shogren outlined the deficiencies which were

revealed by the Interim Audit and by his and Penrice's examination of the Divisional Office. Evidence in the case would seem to indicate that the Trustees did not discuss in any detail with the field officers the deficiencies of the office administration or the previous remedial measures that they had adopted. In speaking of the meeting, Trustee Northey said: "Mr. Shogren did most of the talking at that meeting. I don't recall saying anything only in answer to his remark later in the meeting."[9] He further indicated a lack of communication between the Trustees and the field officers by saying,

> I felt that he would have had an explanation of them ... if he had of asked the Trustees, if he had of asked the Secretary-Treasurer I'm sure he could have obtained a satisfactory explanation as to some of the inadequacies.[10]

As mentioned above (supra., p.421) some lack of communication may have been due to the means of communication adopted by the Department of Education to communicate its concern over the state of affairs revealed by the Special Audit. It would appear that a more detailed account of what was meant by an intolerable situation would have caused less

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[9] Court Transcript, Volume 13, p. 41.

[10] Ibid., p. 42.

confusion in the minds of the Trustees as to the intentions of the Department of Education.

V. SUMMARY

This chapter has attempted to summarize some of the main characteristics of the process of decision-making that took place in connection with the final decision of the Minister of Education for Alberta to replace the elected Trustees of the Fort Vermilion School Board by an Official Trustee. From this analysis and that given in Chapters Seven and Eight, it would appear that this process consists of a series of interrelated and interconnected decision cycles, each bound to the other through a mechanism of feedback. As was seen from the analysis in Chapters Seven and Eight, each decision-cycle can be considered to consist of four separate stages: an awareness stage, a reaction stage, a remediation stage and an observation stage.

A comparison of the separate decision-making processes of the School Trustees and of the officials of the Department of Education shows that while, broadly speaking, each possessed similar goals in that they wished to ensure the provision of the best possible educational opportunity for the children attending schools in the Division, significant differences

occurred in their criteria of effectiveness and in their consequent perceptions of dysfunctions occurring within the administration of the Division. It was seen that the lack of effective communication between the Trustees and the officials of the Department of Education was a significant factor contributing to this perceptual difference.

CHAPTER X

CONCLUSIONS AND IMPLICATIONS

I. A SUMMARY OF THE STUDY

Introduction and Purpose

This study was an attempt to use the case study method to examine the events and causes leading to the decision by the Minister of Education for Alberta to appoint an Official Trustee to the Fort Vermilion School Division on November 20th, 1964, to make an analysis of these causes and events and in so doing to gain an insight into the process of decision-making that occurred within the framework of Department of Education - School Board relationships.

The Research Method

In Chapter Two a research framework was proposed within which to examine the process of decision-making that occurred within the case. This framework, which was derived from the theory of decision-making, proposed that the process of decision-making consisted of a series of interrelated and interconnected decision cycles. Each of these cycles, consisting of an awareness stage, a reaction stage, a remediation stage and an observation stage was linked to the

other through the mechanism of information feedback. This research framework while being operationally relevant did not function as a substitute for inductive theory but rather provided a means of discrimination and analysis without placing any special demands for conclusions upon the materials under investigation.

Sources of Data

On April 1st, 1965 an order in council 564/65 under the signature of the Lieutenant Governor and the Chairman of the Executive Council, Ernest C Manning, was promulgated with the direction "to investigate and to report upon the events and causes leading to the appointment of an Official Trustee to the Fort Vermilion School Division No. 52 and the consequent replacement of the School Division's elected Board of Trustees." (Supra., pp. 257-258). The Judicial Inquiry resulting from this order in council was carried out in the gymnasium of the Fort Vermilion School between July 19th and August 4th, 1965. During the course of this Inquiry evidence was heard from members of the Department of Education, the School Trustees, employees of the School Division, qualified accountants, and a member of the Royal Canadian Mounted Police, and this evidence was recorded in thirteen volumes.

These thirteen volumes of court transcript containing 2,118 pages of sworn testimony on the events leading to the decision of the Minister to appoint an Official Trustee provided the main source of data for this study.

Interviews of an unstructured nature were used to supplement the data obtained from court transcript. During the week of August 21st to August 28th, 1967, the writer travelled to Fort Vermilion where he interviewed former trustees of the Board, members of the local population, and members of the teaching staff of a school in the Division. Interviews were also carried out in Edmonton with Dr. Hodgson, a former Director of School Administration, Superintendent Daniels, the first Official Trustee of the Division and various members of the staff of the Division of School Administration within the Department of Education.

All files relating to the case and which are kept in the Department of Education, were made available to the writer by the Deputy Minister of Education. These files were used to supplement and verify the information that was gained from the thirteen volumes of court transcript and from personal interviews.

II. SUMMARY OF THE EVENTS LEADING TO THE DECISION BY THE MINISTER OF EDUCATION TO APPOINT AN OFFICIAL TRUSTEE TO THE DIVISION

Officials of the Department of Education first became aware of dysfunctions occurring in the administration of the Fort Vermilion Division related to the work of Secretary-Treasurer Dunn through the reports of Superintendent Giles on July 3rd and August 5th, 1963 which were very critical of the work of the Secretary-Treasurer. The receipt of these reports prompted the Director of School Administration[1] to send a field administrative officer to the Division in October, 1963 who submitted a report to the Board and to the Department and who offered advice to the Secretary-Treasurer and the Board Chairman.

At the 1964 Summer Short Course in School Administration, held at Banff, the Director of School Administration[2] and one of his field administrative officers discussed with the Secretary-Treasurer his duties within the Division and suggested to him that he should not be spending time in the field to

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[1] J. W. Chalmers.

[2] E. D. Hodgson.

STUDENT TRANSFER TO AND FROM DIVISION

the neglect of his office duties.

On August 20, 1964 the Superintendent of the Division forwarded to the Director of School Administration a confidential report in which he set out in detail what he deemed to be the shortcomings and irregularities in the administration of the Divisional Office and in the work of the Secretary-Treasurer. On September 4th, 1964, the Superintendent also forwarded a similar report to the Chairman of the School Board. At the time of receiving Superintendent Daniels' report the Director of School Administration was prevented from sending any of his officers to the Division due to the pressure of work within the Department but advised the Superintendent that he would send an officer to investigate as soon as one was available.

Following the receipt of Superintendent Daniels' report of August 20th, 1964 the Director received information regarding dysfunctions occurring within the Division during a visit to the Department of a previous employee of the School Division. This man revealed the presence of an Interim Audit which revealed grave inadequacies in the administration of the Division and also the failure of the Board to comply with Departmental requests regarding the replacement of defective furnace room floors in some schools in the Division.

The information revealed during the visit of this previous employee of the Division gave new significance to information already available to the Director of School Administration. During 1964 he had had considerable problems in attempting to rectify the mistakes that had been made by the Trustees in connection with their 1964 building and maintenance programs. This experience together with Superintendent Daniels' report and the experience of the furnace room floors took on new meaning in the light of the presence of the Interim Audit. To the Director of School Administration the problem now appeared to be directed towards a lack of supervision and leadership on the part of the School Trustees rather than the Secretary-Treasurer's inefficiency.

On October 20th, 1964, the Director dispatched two of his field officers to Fort Vermilion to inspect the Divisional Office, to weigh the contents of the Interim Audit and to report. After examining this Interim Audit and spending a day in the Divisional Office these two officers deemed the situation sufficiently urgent to justify a recommendation to the Director of School Administration that he seek a special audit. Their recommendation was accepted and the Minister's permission was secured. The Minister's order was conveyed to the Board by telegram on October 21st and at their regular

monthly meeting that evening the Trustees passed a motion to that effect.

On the morning of November 17th, 1964 a copy of the Special Audit was received at the Department of Education and this revealed a situation in the Division that was the cause for considerable concern. After conferring with his officials as to possible courses of action the Deputy Minister sent the following telegram to the Board Chairman:

> Please advise immediately following today's meeting what steps Board proposes to take to deal with intolerable situation revealed by recent audit. Our concern relates to performance of Secretary and also apparent lack of proper control by School Board itself.[3]

On November 19th, 1964 the following reply was received from the Board Chairman:

> The Board of Trustees of Fort Vermilion School Division moved to retain the services of C.I.Dunn as Secretary-Treasurer on a three month probationary period. Performance of his duties will be reviewed during February.[4]

This answer was deemed completely inadequate by the Deputy Minister and members of the Division of School Administration so the matter was then referred to the Minister for

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[3]Telegram from Dr. Swift to Chairman of Fort Vermilion School Board, November 17th, 1964. Contained in files of the Department of Education, Edmonton.

[4]Telegram from Mr. Backstrom to Dr. Swift, November 18th, 1964. Contained in files of Department of Education, Edmonton.

his consideration, who after careful consideration decided to use the power granted him by Section 75 of the School Act and appoint an Official Trustee for the Division.

III. SUMMARY OF REMEDIAL MEASURES TAKEN BY THE DEPARTMENT OF EDUCATION TO CORRECT DYSFUNCTIONS IN THE OPERATION OF THE FORT VERMILION DIVISION

From an examination of the remedial measures adopted by the Department of Education to correct dysfunctions occurring within the Fort Vermilion School Division it would appear that two basic approaches were employed. The first of these was the adoption of search procedures designed to correctly establish the nature of the dysfunctions that were occurring. The second was to advise and assist the Trustees to overcome these dysfunctions through their own efforts rather than to actively intervene in the operation of the Division. Both of these approaches may be seen as a desire on the part of the Department of Education to exercise its regulatory and leadership functions without interfering with the local autonomy of the School Board.

Early Measures

Following the receipt of Superintendent Giles' reports of July 3rd and August 5th, 1963, the Department of Education

dispatched Field Officer Penrice to the Division. His main purpose on this occasion was to discover the causes of dysfunction and to offer advice and suggestion designed to overcome these dysfunctions. The advice that he gave in a verbal and written form on this occasion was further supplemented by discussions that he had with the Secretary-Treasurer and the Board Chairman at the Department of Education when these people were in Edmonton for the 1963 Alberta School Trustees Association Convention. At the 1964 Summer Short Course in School Administration held at Banff the Director and one of his field officers again attempted to advise the Secretary-Treasurer, offering him frank advice on establishing his role in the Division.

The 1964 Building and Maintenance Programs

During 1964 the School Board experienced considerable difficulty with its building and maintenance programs due mainly to the incorrect procedures that it had adopted with regard to the passing of by-laws and the obtaining of recognitions of need from the School Buildings Board. In December, 1963 the Board had passed three by-laws seven, eight and nine in connection with its 1964 building and maintenance programs. These by-laws, however, were passed

long before the Board had attempted to obtain the approval of the School Buildings Board and as a consequence these two documents did not match and the Division was placed in the position of being unable to obtain debenture funds for part of its building program. Relying upon special grants for much of its operation this placed the Division in a serious financial position.

On a visit to the Department of Education on June 15, 1964 the Secretary-Treasurer expressed his concern in connection with the 1964 building and maintenance programs and expressed the opinion that the Division would be short of funds to carry these out. In the absence of any concrete proposals, the Director of School Administration, on this occasion, advised that he should wait until tenders had been received and then, if additional funds were necessary, the Board could proceed with a new by-law for funds to complete the projects.

On July 21st, 1964 the Director met with Trustees to discuss the building program in order to arrive at some measures to overcome the difficulties that the Board was facing. At this meeting it was agreed that the Board should leave by-laws seven, eight and nine intact to allow for maintenance and to issue a new by-law ten, according to

School Buildings Board recommendations to cover the construction of schools. Despite this advice, however, the Trustees returned to the Division, passed the new by-law, and then made application to the School Buildings Board, thus repeating the same general error in procedures as had caused the difficulties with by-laws seven, eight and nine.

The Final Measures

The visit of Shogren and Penrice to the Division in October, 1964 was made for the purposes of investigation and advice. From the time of this visit until the appointment of the Official Trustee no direct remedial measures were adopted by the Department of Education. Rather, the efforts of the Department were directed towards making the Trustees aware of the seriousness of the situation in the Division and of allowing them to suggest or adopt their own remedial measures. The Special Audit and the Deputy Minister's telegram of November 18th, 1964 may be seen as attempts in this regard. Perhaps the Deputy Minister's comment at the Judicial Inquiry sums up the Department's approach to the remedying of dysfunctions in the Division. When asked by Mr. Redmond what steps the Board should have taken he replied: "It was their responsibility not ours." (Supra., p. 413).

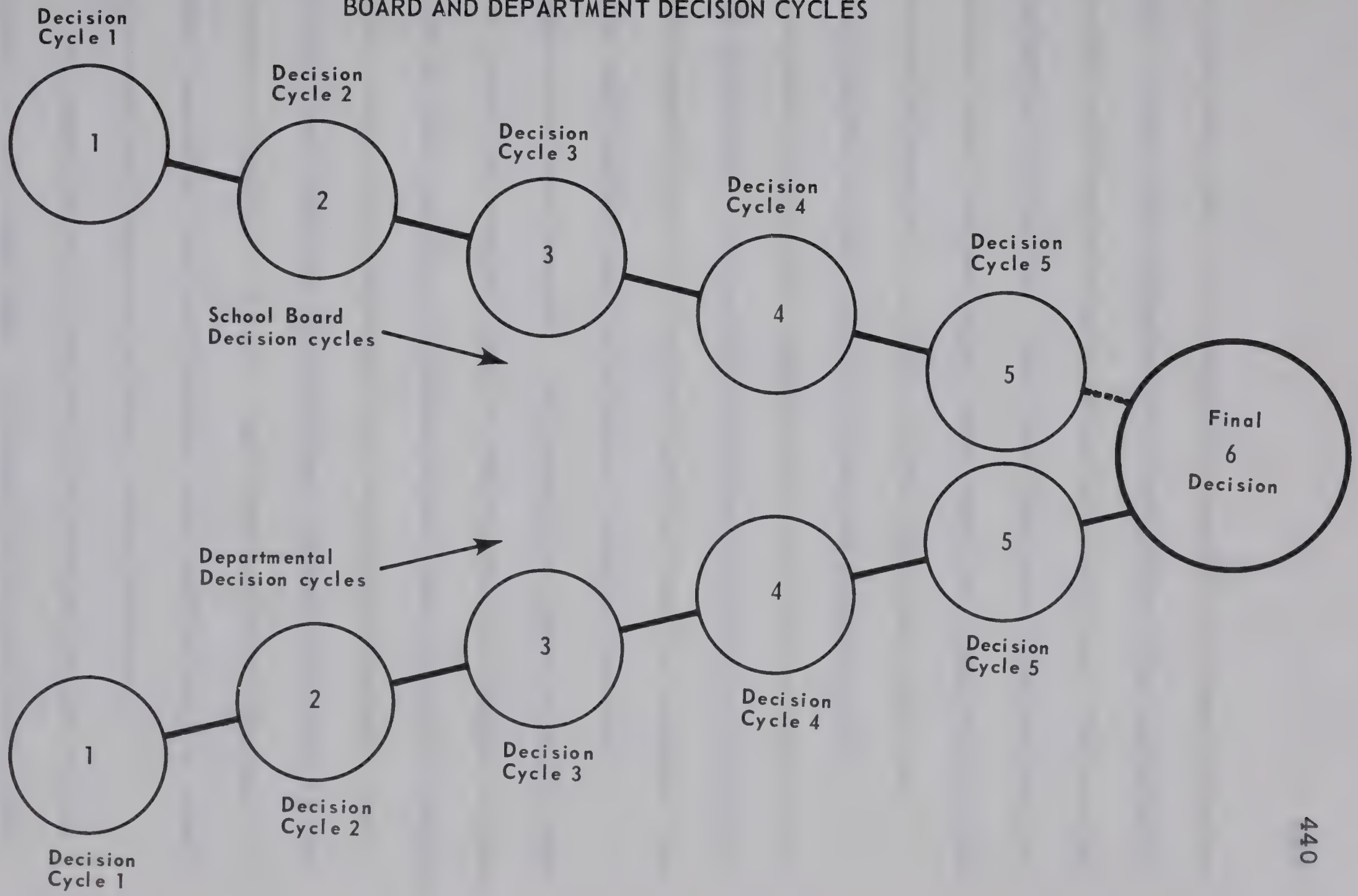
IV. CONCLUSIONS

In the examination of this case it was apparent that two separate and distinct series of decision-making cycles existed. The first of these was the series of decision cycles occurring within the Department of Education in response to perceived dysfunctions occurring within the administration of the Fort Vermilion Division. The second series of decision cycles consisted of those decision cycles occurring within the Fort Vermilion School Board. This second series of decision-making cycles closely paralleled those occurring within the Department of Education and may be said to have been set in operation by the same factors. Figure XI is a diagrammatical representation of these two series of decision-making cycles. The figure depicts the two series of decision-making cycles to be separate yet interrelated but as being on a "collision course."

An examination of each of these separate series of decision-making cycles shows that each follows a logical pattern. An examination of the decision-making of the School Trustees showed that whenever they perceived dysfunctions to be occurring within their administration, they took what they considered to be adequate remedial measures to correct

FIGURE 11

BOARD AND DEPARTMENT DECISION CYCLES



these dysfunctions. Following the receipt of Superintendent Daniels' report of September 4th they placed the Secretary-Treasurer on three months unofficial probation. The action was prompted by the fact that they had given the Secretary-Treasurer added duties which they considered had contributed to his deficiencies. In view of the fact that they had recently hired an assistant for him and accepting his reassurances, they were prepared to place him on this three months probation. It was this action and their knowledge of Superintendent Daniels' report that led them to consider the Interim and Special Audits as merely repetitions and extensions of this report. Following the Interim Audit they had followed the suggestions of the Auditor in regard to such matters as the granting of advances and the signing of payroll cheques. Short of dismissing the Secretary-Treasurer, and they felt that they had insufficient grounds for this as he had shown no breach of trust, the Trustees felt that the remedial measures they had adopted were sufficient to remedy the dysfunctions apparent in their administration.

An examination of the decision-making cycles of the officials of the Department of Education showed that given the amount of information they received in connection with the dysfunctions they perceived in the operation of the

Division, their decision-making followed a logical pattern. It would seem that in their decision-making the Departmental officials were reluctant to interfere with the autonomy of the School Board. Until such time as the Minister made the final decision to appoint an Official Trustee, Departmental officials adopted the attitude that the remedying of dysfunctions was the responsibility of the School Trustees. To the officials of the Department of Education the cumulative effects of Superintendent Daniels' report, the experience that they had had with the 1964 building and maintenance programs, the matter of the replacement of defective furnace room floors, the Interim Audit, the visit to the Division of Officers Penrice and Shogren and their subsequent reports, and the Special Audit, together with many other factors, revealed a situation which they, not having any knowledge of the remedial measures that had been adopted by the Trustees, viewed as being such that its continuance would be detrimental to the education of children in the Division, to the morale of the teachers within the Division, and to the future development of the Division itself.

The Sequential Nature of Decisions

An examination of the decision-making that occurred

within the Department of Education and within the Fort Vermilion School Board demonstrated that in this particular case the decision-making process may be viewed as a series of interrelated and interconnected decision-making cycles. Each of these cycles was linked to the one preceding it by a feedback mechanism which in effect, resulted in an accumulation of awareness resulting from this feedback that led to a change in the Director of School Administration's perception of the nature of the dysfunctions occurring within the School Division and caused him to focus his attention upon the wider problem of the ineffectiveness and inefficiency of the Trustee's supervision and direction, rather than the symptomatic problem of the Secretary-Treasurer's inefficient performance of his duties.

Communication

One of the most significant characteristics of the total process of decision-making that occurred was the absence of adequate and effective communication between members of the Department of Education and members of the School Board.

As mentioned above (Supra., p. 441) the Trustees of the Division had adopted what they considered to be adequate remedial measures to correct the dysfunctions that were

occurring within their Division. At no time, however, did they effectively communicate to the officials of the Department of Education any knowledge of these remedial measures. As such, officials of the Department of Education based their decision-making on the assumption that the Trustees did not fully appreciate the graveness of the situation revealed by the Interim and Special Audits and that they were not prepared to adopt any thoroughly satisfactory remedial measures to correct these dysfunctions.

The means of communication adopted by both decision-making bodies would appear to have contributed towards the above misunderstanding. The telegram which the Deputy Minister sent to the Division's Chairman on November 18th, 1964, for instance, requested the Trustees' reactions and proposed remedial measures for an "intolerable situation." To the Trustees, however, the term "intolerable situation" had little specific meaning, and in their evidence at the Judicial Inquiry they emphasized that they did not clearly understand to which matters the term specifically referred.

Similarly, the reply telegram of the Board Chairman on November 19th, 1964, in which he only stated that the Board had decided to place the Secretary-Treasurer on three months probation, gave no indication of the various consider-

ations at the Board meeting on November 18th, 1964, in which they discussed such matters as their previous remedial measures, the legality of dismissing the Secretary-Treasurer, their endeavour to recoup monies owed by the Secretary-Treasurer, and their reservations regarding the accuracy of the Interim and Special Audits.

Criteria of Effectiveness

As mentioned in Chapter Eight, (Supra., p.401) it would appear that in their assessment of the effectiveness of the operation and administration of the Division the Trustees and the Departmental officials adopted different criteria of effectiveness. The Trustees in their assessment appeared to have adopted a relationship between past and present Board performance as their measure, whereas Departmental officials compared present Board performance with Province-wide measures and accepted business and accounting procedures. It was, perhaps, this difference in their measures of effectiveness that caused differences in their perceptions of dysfunction occurring within the Division. The Trustees having had little previous experience in either municipal or educational office and being in a remote Division were not able to assess their performance relative

to other divisions as easily as were the officials of the Department of Education.

Search Procedures

One characteristic of the decision-making process of the officials of the Department of Education was the propensity to search for additional information. The search procedures characteristic of the process of decision-making has been described more fully in Chapter IX. In summary, it may be said that in this case, in most decision cycles, the decisions of the officials of the Department of Education were directed towards a search for information that would allow a better definition of the nature of the dysfunctions occurring within the Division. In effect, much of the Department's activity was directed towards a search for the problem itself rather than a search for alternatives. Such search procedures may have been symptomatic of a reluctance on the part of the Departmental officials to act without a full knowledge of the problems with which they were faced due to a reluctance to interfere with the local autonomy of the School Board.

Differences in Perception of Dysfunction

In Chapter IX it was shown that the Trustees and the Department's perceptions of dysfunctions occurring within the Division differed. While each of these decision-making bodies had an area of perceptual agreement there were areas of dysfunction that were perceived by the one and not by the other. Such differences in perception appeared to be due to the differences in their criteria of effectiveness, to differences in a knowledge and appreciation of situational factors, and to a lack of effective communication between the two decision-making bodies.

V. THE DEVELOPMENT OF HYPOTHESES

From the investigation carried out into the decision-making that occurred in this case it would appear that there are certain hypotheses that may be derived which may be fruitfully investigated in further research. It must be stressed, however, that these hypotheses would need to be tested in numerous studies in order to determine whether they have general applicability.

Hypothesis 1

In the research framework set down for this study it

was proposed that the decision-making process consists of a series of interrelated and interdependent decision cycles. In the analysis of the events that took place, it would appear that this framework adequately described the process that occurred. The following hypothesis, therefore, is suggested:

> The decision-making process consists of a series of unified, interrelated and interdependent decision-making cycles.

Hypothesis 2

When discussing the events connected with the visit of Officers Penrice and Shogren to the Fort Vermilion School Division on October 20th, 1964, it was pointed out that the Director of School Administration had based his actions upon the information supplied to him by these officers. It was also shown that in their investigations these officers did not gain any information regarding remedial measures that had been adopted by the Trustees. The Director of School Administration, therefore, was basing his decision-making upon an incomplete knowledge of the events occurring within the Division. The following hypothesis, therefore, would seem to be suggested:

> Where the decision-maker must rely upon the perceptions of another in the formulation of his premises, his subsequent actions will be conditioned by the accuracy of the perceptions of that agent and the degree to which that agent's communication represents his perceptions.

Hypothesis 3

The following hypothesis would seem to follow from hypothesis number two:

> Misperception of communication or bias in the communication of an agent to the decision-maker, can act as constraints upon the decision-maker.

Hypothesis 4

At the Board meeting of the 21st of October, 1964, at which field administrative officers from the Department of Education pointed out to the Trustees the particular dysfunctions that were occurring in the administration of the Division, it would appear that the forthright manner in which one of the field officers elaborated these dysfunctions alienated the Trustees. As a consequence, little two-way communication took place between Trustees and field officers and it would appear that the Trustees tended to resist any

suggestion put forward by the field officers, particularly with regard to the suspension of the Secretary-Treasurer. The following hypothesis would, therefore, seem to be suggested:

> The perception of a situation by a decision-making body as threatening to a commonly shared position operates to effect a greater cohesiveness in the decision-making body and a firmer commitment to hold present positions.

VI. IMPLICATIONS

Public education in Alberta is under the ultimate control of the Provincial Government, but many aspects of its execution have been delegated to local school boards. The local school district is a creature of the Province, and the legislature, if it so desires, has the power to create, alter or abolish local school districts. The local school board which owes its existence to the Provincial legislature, has in its operation only those powers which have been given to it by provincial legislation. Under the terms of the School Act it has certain specified duties which it must perform and certain powers which it may exercise at its discretion. While the school board and the Provincial

Government may be considered as partners in the provision of education, in the final analysis it is the Provincial Government which has the paramount authority.

Basically, the Department of Education as the educational agency of the Provincial Government must perform two functions. In the first place it must exercise a regulatory function to ensure that education in the Province is being carried out in accordance with legal and legislative requirements. Secondly, it should provide leadership and assistance to local units to ensure the balanced growth and development of education in the Province.

In this system of local control with its close partnership between local and central governments it is essential that there be a clear understanding of the duties and responsibilities associated with each of these levels of government. As the school board is an institution of considerable importance in the structure of Canadian Education it is essential that it should carry out the tasks that have been allotted to it in a competent and efficient manner. It is equally important that the Provincial Government coordinate the efforts of school boards and ensure on behalf of the people of the Province that these boards carry out efficiently and effectively the responsibilities that they have been given.

It is essential that administrators, politicians and school board trustees have a clear understanding of those factors which lead to efficient board operation and to an understanding of the process of decision-making that occurs in both the central government Department of Education and school boards. This study has been an attempt to examine a particular case wherein the Minister of Education, because he considered that a school board was not carrying out effectively the mandate that it had been given, exercised the power that was given to him under the School Act to replace the elected board of Trustees by an Official Trustee. This action was taken because the Minister, after reviewing information given to him by Departmental officials and others came to the conclusion that the dysfunctions that were apparent in the administration of this Division were such that their continuance would be detrimental to the education of pupils attending schools in this Division and because it did not appear that the Trustees of the school division were prepared to adopt satisfactory remedial measures to correct these dysfunctions.

This study has attempted to examine the causes and events leading to the decision of the Minister to appoint an Official Trustee and to examine the process of decision-

making associated with these events. It would appear that the following implications may be derived from the study.

(1) From the analysis of the decision-making process it would seem that decision-making is a series of interrelated and interconnected decision cycles each joined to the other through a mechanism of feedback. If, in their decision-making, educational administrators are aware of this, they may, when confronted with any particular problem related to the operation of school board, initiate search procedures designed to reveal more fully past decisions that will have some bearing upon their present problem. In this way they may be able to obtain a clearer definition and understanding of the problems with which they are confronted and to discover a much wider range of alternatives in formulating their decision.

(2) A more detailed understanding of the history of school districts and of their particular situational problems and of past decisions made with regard to particular dysfunctions occurring with the operation may lead to a reassessment and clearer definition of the problems or problem upon which an educational administrator may have to make a decision.

(3) This research has shown that inadequate or inefficient communication can have a very significant and

adverse effect upon the process of decision-making. A lack of pertinent information, or information that is biased to any degree can significantly alter the premises upon which a decision is made. The educational administrator should examine the communication networks existing in the system in which he operates to assess their adequacy and he should establish some system whereby he may verify the information that he receives. In transmitting information he should examine closely the contents of his communication to ensure that it is an adequate expression of his intention and that it is sufficiently clear to avoid misinterpretation by the receiver. He should also examine the means by which the message is sent in order to determine whether it can adequately convey to the receiver the intended meaning.

(4) In this case it would seem that the Trustees and the officials of the Department of Education in assessing the effectiveness of the Board's administration adopted different criteria. Where in assessing their present performance the Trustees referred to past board performance, the Departmental officials made reference to Province-wide standards and to measures considered adequate in most business and accounting situations. An understanding by both Trustees

and Departmental officials of the points of reference adopted by the other in assessing the effectiveness of a Board's operation could lead to a more sympathetic understanding of each others actions and could lead to a more cooperative approach in the remedying of dysfunctions occurring within a Division. Broadly speaking, the educational administrator should make an effort to assess more adequately and understand the assumptions under which people with whom he may deal are operating. Such an understanding may allow him to assess more accurately the decisions and actions of such people.

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APPENDIX A

REPORTS SUBMITTED TO THE DEPARTMENT OF EDUCATION

GOVERNMENT OF THE PROVINCE OF ALBERTA
DEPARTMENT OF EDUCATION

Fort Vermilion, Alberta
July 3, 1963

Mr. C. I. Dunn was hired as Secretary-Treasurer of the Fort Vermilion School Division No. 52 on August 1, 1962. As an assessment of his work was deemed necessary because of the necessity of satisfactory work for the benefit of the Division and also because of pay increases, the Board requested the Superintendent of Schools to make such assessments as seemed necessary.

On August 1, 1963, Mr. Dunn will have worked for the Fort Vermilion School Division No. 52 for one complete year. As he starts his second year with the Board, there are a few points which I believe Mr. Dunn should consider so that his work would become more proficient:

1. Each item of work, whether this be payroll, invoicing or distribution of supplies, etc., should be done with a little more care so that the number of mistakes would be kept to a minimum.

2. Accounts should be checked a little more carefully and care taken for more accuracy in payment.

3. Several important records have not been kept up to date making it difficult to procure recent information which is often necessary in the discussions, etc., of the services of the Board.

4. A more accurate and orderly method of distribution of supplies is needed as well as a more dependable method of ensuring that requests receive prompt attention.

With a greater concentration on details and a sustained effort, Mr. Dunn's second year with the Fort Vermilion School Division should prove more satisfactory than his first year.

T. E. Giles
Superintendent of Schools

R. Penrice
Field Administrative Officer

Dr. J. W. Chalmers
Director of School Administration

November 13, 1963

Re: Office Visit
Fort Vermilion School Div. No. 52

Attached is a copy of my report on the inspection I made of the divisional office at Fort Vermilion.

RP/hp

Att'd

November 7, 1963 FORT VERMILION 52

Duration of Visit: Three days.

Secretary-Treasurer: Mr. C. I. Dunn, Fort Vermilion.

Qualifications: Grade 12 and one year of Commerce at the University of British Columbia.

Office Assistant: Part time stenographer.

Chairman: Mr. R. A. Backstrom, High Level.

Auditor: Nash & Nash, Peace River.

Bank: Provincial Treasury Branch, Peace River.

Books of Accounts

The books of accounts maintained are a cash synoptic and a general ledger. A separate record is kept for the capital account and a payroll account is operated as required pursuant to Section 193(2) of The Act. Both the synoptic and the general ledger were entered and balanced to the end of September at the time of my visit as well as bank statements checked and reconciled. A petty cash fund of $25 is maintained and was accounted for at that time also.

A statement is prepared from time to time and presented to the Board indicating the financial position of the division. I suggested that this statement be prepared and presented to the Board each month. More care should be taken in entering figures in the general ledger as they seem to be difficult to read.

Vouchers and Invoices

Vouchers are prepared and attached to the supporting invoices. It was noted that these vouchers had not been signed since May and I strongly suggested that these vouchers be signed by the Secretary-Treasurer and the Chairman as soon as they have been passed by the Board and the invoices initialled by the Chairman. Invoices should also be signed by the employees receiving the goods or services. Furthermore, a number of invoices for bus repairs were not signed by the driver of the bus. The Chairman and Secretary-Treasurer have been paying the accounts prior to the board meeting and then the accounts passed at the meeting. Section 191 of The School Act should be followed very carefully in this regard. This has been fully discussed with the Secretary-Treasurer and should present no problem in the future.

Insurance and Debenture Registers

Registers on these items have not been maintained in the past and it was suggested that a sample be prepared for the debentures and mailed to the division. A summary sheet covering all insurances would also be valuable information and kept for easy reference.

Minutes

The minutes are neat and well prepared with the pages numbered for each meeting. These may have been too brief a few months ago but seem to be improving with a little more detail. Some of the motions in the past were too brief and thereby difficult to understand the intent of the motion. This was fully discussed with the Secretary-Treasurer and should present no problem in the future if the suggestions are followed. The Chairman has not signed the minutes for the past few months and the Secretary-Treasurer stated that he would contact the Chairman to point out this omission and have him sign the minutes for each meeting. I also noted that the bus drivers present a problem at most meetings requesting their salary be increased. The Board would be well advised to consider setting a policy that would eliminate the necessity of the Board discussing problems such as that at board meetings.

The minutes also indicate that the division has been purchasing fuel and oil from a board member who was an agent for an oil company. This member has since resigned but it was pointed out that this was a prohibited transaction and Section 89 of The School Act should be carefully reviewed as this limits the transactions a trustee may have with the Board.

Filing

A fairly, good filing system is maintained but I suggested that old files be reviewed by the Secretary-Treasurer and filed in a manner so that they can be obtained whenever wanted.

Office

The office is clean, neat and well equipped. A large vault is provided to store the divisional records.

The above remarks may seem a bit critical but are intended to be constructive and should assist the Secretary-Treasurer and the Board in the management of the affairs of the division in a more efficient manner.

Mr. Dunn appears to be efficient in his work for the length of time he has been Secretary-Treasurer.

Respectfully submitted,

R. Penrice
Field Administrative Officer

GOVERNMENT OF THE PROVINCE OF ALBERTA
DEPARTMENT OF EDUCATION

Fort Vermilion, Alberta

August 20, 1964

CONFIDENTIAL

Dr. E. Hodgson,
Director of Administration,
Department of Education,
Edmonton, Alberta.

Dear Dr. Hodgson:

I regret having to write to you concerning the following matter but, after much careful thought, I feel that, in all conscience, there is nothing else that I can do.

When I took up this position, the retiring Superintendent, Mr. Giles, was most unhappy with the way in which the secretary-treasurer, Mr. C. I. Dunn, was performing his duties. I have studiously avoided allowing myself to be unduly influenced by this adverse viewpoint, and have given Mr. Dunn as much scope as possible in order to allow him to carry out his tasks to, presumably, the best of his ability. During the last few months, however, I have become more and more increasingly aware of Mr. Dunn's failure to carry out essential parts of his duties. I have brought only the most serious of these to his attention, with the result that (a) there has been no improvement whatsoever in these matters, and (b) communication between our offices is deteriorating.

I raised the question of the satisfactoriness of Mr. Dunn's performance of his duties at the Board meeting in June. It was pointed out to me that the previous superintendent had been responsible for poor relationships in this self-same connection, and it was implied that it might be better if I quite rocking the boat. I feel that perhaps an independent Departmental enquiry would best establish whether I am, in fact, making mountains out of molehills.

I realize that Mr. Penrice was up here to advise Mr. Dunn in connection with his duties last Fall, but I regret to say that important aspects of Mr. Penrice's recommendations were not carried out, other than in a temporary and perfunctory manner.

To be more specific, the areas of major laxity and concern are the following:

(a) failure to comply with, or ignoring of, Departmental requests for information, forms, etc., even after extra reminders. (Mr. Budge can further elaborate on this point).

(b) extreme tardiness in final preparation of this year's budget forms. The budget was given revised approval on June 23rd. Only by using the whole of Saturday, July 18th, for typing up, did the budget finally get to the Department for approval. I might add that I truly believe that, had it not been for the appointment we had with you on July 21st, it would not have been submitted even then.

(c) failure to adequately inform the trustees of the current financial position of the Board. Mr. Penrice made this a specific suggestion last year; despite reminders, this has been carried out only once (in October), apart from the December report.

(d) failure to carry out the Board's instructions, again even after reminders. The latest example of this is that on June 23rd, the Board approved the school opening date as August 31st, 1964. As of this date, Mr. Dunn, after further prompting, still has not written for the Minister's approval.

(e) failure to ensure the proper licensing, after repeated requests, of a Divisional-owned school bus. Mr. Cook, of the Highways Traffic Department, had to personally bring this to the attention of the Board before Mr. Dunn complied in this matter.

(f) failure to keep unemployment insurance books up-to-date. This point was noted, with many others, by Mr. Giles, and the local postmaster brought this matter to my attention again in June.

(g) failure to present certain accounts to the Board for payment within a reasonable length of time. Details are available if required.

Mr. Dunn presents a passable facade in his position, and is able to do certain routine tasks, and go through some procedures, adequately. The points that I have raised may not have the significance that I have attached to them, but the cumulative effect of these, and many more, are such that, in my opinion, the efficient operation of the Division, and the efforts of myself and the Board to substantially improve relationships with the teaching staff, are being seriously impaired and hampered.

On his return from Banff in June, Mr. Dunn told me that you and Mr. Shogren had discussed with him the possibility of a personality class between the two of us. If there is such a clash, it arises out of my views, just expressed, concerning Mr. Dunn's efficiency in his present capacity. I may be exceeding any authority I have by questioning this officer's performance of his duties; if I am, I am perfectly well prepared to desist. In addition, after certain views expressed at yesterday's Board meeting, I am also quite ready to sericusly consider handing in my resignation from the Departmental staff, much as I would be loth to do so, if this is an acceptable alternative.

Your help and advice in this matter would be most gratefully appreciated.

Yours very sincerely,

E. R. Daniels,
Supt. of Schools.

MEMORANDUM

FROM: U. R. Shogren,
Field Administrative Officer.

DATE: October 26, 1964

TO: Dr. E. D. Hodgson,
Director of School Administration.

Re: Divisional Office -
Fort Vermilion School Division #52

Mr. Penrice and I spent two entire days, namely October 20 and October 21, examining various aspects of the office organization in the above division. In addition we attended a meeting of the divisional board from 7:00 P.M., October 21 to 2:00 A.M., October 22 and spent approximately two hours discussing certain of our findings with Mr. Holm and one other of his personnel from Nash & Nash, Auditors at Peace River.

As you are aware, Mr. Penrice and I recommended in a telephone call to Dr. Hodgson by me the morning of October 21 that the Minister take action pursuant to Section 209 of the School Act. This action was taken by the Minister as confirmed by a telegram the afternoon of the same day. The divisional board passed a resolution that evening to comply with the wishes of the Minister and Nash & Nash were appointed to perform the special audit. This explains our visit to Nash & Nash to discuss the situation with Mr. Holm the senior officer of that firm in Peace River.

In view of the special audit being carried out immediately, we do not propose to forward any report to the divisional chairman at this time. No doubt the auditing firm will have a number of recommendations to make and we feel it would be well to examine these when they become available in conjunction with our own findings after which we will probably be in a much better position to prepare something fairly constructive and without duplication. In other words, probably a consolidation of ideas might well be prepared and submitted to the board for future reference.

However, we feel the department should be aware of at least some of our reasons for recommending to the Minister that he take action pursuant to Section 209 of the Act. These are as follows:

1. There is every evidence that the office administration and accounting is in a state of confusion and there is a very noticeable lack of harmony between the Secretary-Treasurer and the other three people in the central office administration, namely, the Superintendent, the bookkeeper and the stenographer. There appears to be a very definite lack of direction, to the last two, in respect of their duties and in performing and organizing their work by the Secretary-Treasurer.

2. There is evidence that cash has been taken in without receipts having been issued. As a matter of fact receipts were issued to "cash" and dated September 30th in respect of cash which was noted as unreceipted by the auditor during an interim audit carried out September 28 and September 29 for the period of January 1st, 1964 to August 31st, 1964.

3. The divisional board has apparently authorized a petty cash or imprest account in the amount of $25, however, Voucher No. 6568 dated 4/18/64 co-signed by Mr. S. Froese, board member, and made out to "petty cash" in the amount of $50 was not supported (at the time of our examination) by one single invoice and furthermore the Secretary-Treasurer was not able to produce any sign of cash relating to this account. Thus we arrive at two conclusions at least.

   (a) The original authorization has been exceeded.

   (b) There were no invoices to support the $50 voucher and no invoices to support the absence of the $50 cash so therefore there is at least $75 cash unaccounted for.

4. The Secretary-Treasurer was overdrawn on salary at the time of our visit and in addition there were in respect of his cheques:

   (a) no rent deducations ($50 per month) for June, July, August, September and October;

   (b) no utility deductions since January 1, 1964;

   (c) no pension deducations since May 31, 1964;

   (d) an apparent under deducation of approximately $10 per month in respect of Income Tax.

5. There were at least three cheques missing or unaccounted for at the time of our visit, namely, Nos. 6939, 7024 and 7025. A phone call to the bank brought forth the following information:

6939 - issued to R. Kinsey $213.10 (no record in office by way of invoices or vouchers)

7024)- one of these purportedly made out to C. Dunn
7025)- for $36.00 and the other to Tony's Trucking, Peace River. The former is probably expenses and the latter might well be for liquor and other entertainment items for a forthcoming Trustee Zone 1 conference to be held in Fort Vermilion. (Presumably to be recovered from members attending.)

6. There are numerous instances where the covering voucher amount does not agree with the totals of the attached or supporting invoices. Furthermore, in many cases the vouchers are not authorized by a member of the board.

7. Transfer cheques from General Account in respect of the Payroll do not agree with total of payroll.

8. Capital account transactions have not been recorded since January, 1964.

9. The Secretary-Treasurer appears to have little or no knowledge respecting the finances and financial position of the division.

The above, to our minds, justifies our recommendation to the Minister. We could report a great deal more dealing with procedures, minutes, contracts, etc., however, the special audit report will, no doubt, bring these things to light. We might mention that there is every evidence that the record keeping has been steadily deteriorating from January 1964 on and even in 1963 there was much room for improvement as is borne out by a report prepared by Mr. Penrice under date of November 7, 1963.

In conclusion, there are further serious matters which we do not wish to include in this report; instead we should like to discuss them with the Deputy Minister and/or the Minister if possible, at the earliest opportunity.

"U. R. Shogren"
"R. Penrice"

APPENDIX B

REPORTS SUBMITTED TO THE FORT VERMILION SCHOOL BOARD

Fort Vermilion, Alberta
August 5, 1963

Board of Trustees of the
Fort Vermilion School Division No. 52,
Fort Vermilion, Alberta.

Dear Madam and Sirs:

It seems apparent that my report on the work of Mr. C. I. Dunn, Secretary-Treasurer, as submitted to the Board has been misinterpreted or misunderstood by Mr. Dunn, even though it was discussed with him before submission. In case my report was not clear to the Board members, I will attempt to be more specific, while at the same time will make no attempt to be all-inclusive. This is not a new report but rather some elaboration on the report I submitted recently.

With reference to mistakes made by Mr. Dunn in his work, I was not referring to a few mistakes but to dozens and dozens of mistakes - in cheque writing, in payments, in payrolls, in minutes of board meetings, etc. Also, I was referring to only those which were drawn to my attention or which was obvious. These mistakes were not discovered by any systematic checking of Mr. Dunn's work - I certainly have not been attempting to be the auditor.

The Board directed a record of bus drivers' licenses be kept - showing especially expiry datesto ensure proper licensing for all drivers. Nearly a year has passed and, even with many reminders, Mr. Dunn has not kept this record. It is apparent he has no intention of doing so.

The Board directed a simple type of cost accounting for teacherage maintenance with the view to attempt to keep expenses within the range of income. This record is a year behind now and, even with many reminders, no attempt has been made to keep this record as requested by the Board. It is apparent he has no intention of doing so.

Some recording is necessary for library and reference books allotments for the schools. This has not been done in an intelligible fashion for the last year.

Invoicing to teachers of supplies for resale has been done in a very haphazard manner, when it has been done.

Accounting of supplies which are chargeable to teachers (for resale to pupils) has been thoroughly confused.

Even with many reminders, no systematic records have been kept of the sports equipment allotments to schools. There appears to be no intention of doing so.

When items are ordered by Mr. Dunn, no attempts have been made (unless reminded) to ensure the delivery of these items.

Handling of requests from principals, teachers and others have been handled in a haphazard manner.

Unemployment insurance books have not been kept up to date and books of former employees were usually not sent until there were several requests.

Minutes of Board meetings have need of improvements. More care should have been exercised to ensure that the intent of motions have not been changed to agree with what Mr. Dunn thinks the motion should have been. There have been several examples of this - for example, in the last minutes Mr. Dunn put into one of the motions that his service has been satisfactory, even though there had not been mention of satisfactory service. Mistakes in minutes have not been corrected.

Billing of teachers for electricity at Rocky Lane had not been done according to the Board's very specific instructions.

Receipts must be given by the secretary-treasurer for monies received. Even after several reminders over a period of months, receipts were still not being issued.

Supplies for resale have been requisitioned by the schools twice yearly - December and June. At the end of June three schools still had not received the supplies for resale which were requisitioned in December even though the items were in stock in the Division office during this time.

School bus cost accounting has been up to six months behind, even though current information on particular busses was needed.

It has been quite difficult, usually, for Mr. Dunn to locate needed information when required. His filing has left much to be desired.

I feel that accounts have been inadequately checked and insufficient attention paid to accuracy or promptness of payment.

Further, I consider it quite unusual for the secretary-treasurer to call a special board meeting and to attempt to have this meeting on less than twenty hours notice, and further, to call this meeting when the chairman and one other trustee were not available, especially when there was not a great urgency for the meeting. Further, it appears to me that the Superintendent of Schools was deliberately not notified of this rushed meeting - this was the second time this happened.

The foregoing are a few items which are meant to clarify further my recent report. I have not acted as an auditor nor have I systematically examined the correspondence, records, etc.

It is my opinion that Mr. Dunn has not been over-worked as far as his duties of secretary-treasurer are concerned. Further, in my estimation, his work has not been satisfactory.

Sincerely yours,

T. E. Giles,
Superintendent of Schools

September 4, 1964

The Chairman of the Board of Trustees,
Fort Vermilion School Division No. 52,
Fort Vermilion, Alberta.

Dear Sir:

The following are some of the points which, from our conversation of September 1st, you may wish to study in more detail. These matters relate to the performance of Mr. Dunn in his capacity as Secretary-Treasurer of the School Division. Many of these points I have mentioned to Mr. Dunn from time to time; others have arisen more recently, and I feel that my responsibility lies in reporting them directly to you.

1. Failure to supply yourself and other Trustees with current reports on the financial position of the Division - i.e. how much has been spent from what part of the budget, how much remains, etc. This was strongly recommended by Mr. Penrice last year.

2. Constant protracted tardiness in dealing with Board, Department of Education, and other Departmental, business. This involves not sending letters, or requested reports, within a reasonable length of time. Some specific examples are:

   a) request for establishment of Childs Lake School District, passed at Board meeting of June 23rd, not forwarded to Department of Education until September 2nd.

   b) the Budget was 're-approved at that meeting of June 23rd; all day spent typing up necessary documents on Saturday, July 18th, in order to get it in to the Department.

   c) August 31st school opening date was approved at the June 23rd meeting; after several reminders, a last minute phone call for Ministerial approval was made on Friday, August 28th.

d) correspondence, re-school building projects undertaken by W.C.C. and South Bend Structures, requested by the Minister of Education in early June, not forwarded until September 2nd.

e) many boarding/conveyance allowance cheques for June still not paid at end of August.

f) bills not presented for payment up to and beyond 90 days after delivery of goods.

g) Unemployment Insurance books not kept up-to-date. Accumulated cheques, covering period end of January to July, were presented to local post-master on August 4th.

h) statement of needs for Schools' Building Board, suggested at July 21st meeting, not completed, despite urgings and requests, until September 2nd.

Many other items could be added to this list.

3. Despite reading of Code of Ethics at June meeting, no real effort has been made, as promised, to keep Trustees supplied with minutes and other information prior to meetings, or to adequately give notice of meetings, etc.

4. A conflict between Divisional duties and a private business venture has arisen of late. Both construction projects have been supervised by the same man, the same workmen have been employed on similar phases of both projects, and disputes have arisen over the priority of use of equipment on both projects. At any time, but particularly at present, this seems a highly undesirable conflict of interest.

5. The Department of National Revenue informs me that Mr. Dunn has recently settled a personal income tax dispute for 1962 by authorizing transfer of current Divisional Tax Deduction funds. This may be a legitimate transaction, but it would seem to be a matter of concern.

These are some of the major points causing concern in this matter. This is not the first time that some of these points have been raised, nor are they all of such short term development as perhaps the use of specific dates may have

suggested. These are examples of neglect accumulating over a period of many months.

If I have gone beyond my responsibility in reporting to you as Chairman of the Board, I am prepared to accept any consequence that may result. I am concerned not with criticising Mr. Dunn as a person; I am concerned that the way in which the duties of the Secretary-Treasurer are being performed is, in my opinion, causing severe deterioration in the efficiency of the management of the School Division and, as such, is harming the progress of education in the area.

Yours very sincerely,

E. R. Daniels,
Supt. of Schools.

APPENDIX C

THE INTERIM AND SPECIAL AUDITS

NASH & NASH

CHARTERED ACCOUNTANTS

October 1, 1964

Mr. R. A. Backstrom, Chairman,
Fort Vermilion School Division No. 52,
Fort Vermilion, Alberta.

Dear Sir:

We visited the School Division offices on September 28th and 29th, 1964, to complete an interim audit of the books of account.

This letter is to bring to your attention items which have to be corrected and procedures which should be revised.

We have found the following situations existing:

1. General ledger posted and balanced to July 31st, 1964.

2. General Account Synoptic entered and added for August, but the final totals were in pencil.

3. August 31 payroll records not entered in the Synoptic or General Ledger.

4. General Bank account was not reconciled to Treasury Branch records.

5. Capital bank account transactions have not been written up since January, 1964.

We balanced the General Bank account, and posted and balanced the General Ledger to August 31, 1964. We were able to complete our examination of the records of the General account to the same date. We did not examine the Capital records for 1964. We find that most of our accounts, that keep the same type of records as the School Division, are able to process and close their records by the 10th of the following month. We suggest that your Division accounting staff endeavour to do the same.

Cash Account

We found, on counting the cash, the sum of $12.65 on hand representing unreceipted funds. All cash received should be receipted as soon as it is received, and deposited regularly.

Minutes

The following minutes were not signed by one or more of the parties required to do so, after they are read and approved at the next Board meeting:

Meeting	Responsible Party
January 15, 1964	Secretary-Treasurer
February 7, 1964	Bylaw - Secretary-Treasurer
February 13, 1964	Secretary-Treasurer
April 20, 1964	Chairman and Secretary-Treasurer

We found no motion in the minutes covering payment of the following accounts:

Cheques # 6302 - 6318
6586 - 6639
6640 - 6360

Payroll Bank Account

At the present time, this bank account requires the signature only of the Secretary-Treasurer. We recommend that the Board consider changing this procedure to two signing officers. We do not feel that this account should be used for payment of travel expenses.

We also feel that the Board should consider reducing, as much as possible, the number of advances being given to personnel. We could see the necessity of possibly doing so before now, but with more banking facilities available, this field should be left to them.

At the date of our audit, the following amounts were outstanding:

T. Khullar	25.00
J. Maycock	125.00
M. Woodridge	40.00
W. Born	100.00
C. I. Dunn (covers rent and cash; in addition, pension contributions are in arrears 4 months)	700.00

Mrs. A. Backstrom $ 1,000.00

Operating Account Vouchers

We have the following observations to make concerning the vouchers itemized below:

A-6290 -- Moyer Vico Ltd. - account paid should have been $72.92 instead of $145.84.

A-6302-6306 -- Vouchers not approved.

A-6308 -- A. Wolfe - water for school - re invoice rendered by A. Wolfe.

A-6312 -- Receiver General of Canada - not approved.

A-6313 -- Rev. Costa - rent $300.00 - not approved.

A-6314 -- Don Lane Plumbing - not approved.

A-6315 -- Steve Daman - Transport Equipment $2,600.00 - no invoice and not approved.

A-6316 -- T. Smith - mileage not approved.

A-6363 -- Reliable Propane - cheque issued for $1,629.72. Invoices total $1,079.43.

A-6462 -- Jake's Esso Service - cheque for $631.15, invoices total $405.96.

A-6482 -- Alta Municipal Financing Corporation - $140.00 - not approved by Trustee.

A-6433 -- W. S. Kowal - $150.00 - not approved by Trustee.

A-6484 -- Alta. School Trustee - $8.75 - not approved by Trustee.

A-6506 -- E. Ward - not approved by Trustee.

A-6515 -- Fort Vermilion Air Services - $290.00 - not approved by Trustee.

A-6686 -- John Neustater)
A-6687 -- William Driedger) no invoice rendered by these people.
A-6688 -- Frank T. Wiebe)

A-6718 -- C. I. Dunn - Travel - no detailed account prepared.

A-6719 -- R. Kinsey - $400.00 - no invoice and not approved by Trustee.

Vouchers with no supporting invoice:

A-6720 -- Provincial Treasurer - $42.00
A-6721 -- Dept. of Lands and Forests - $10.00
A-6722 -- C. Harder - $51.30
A-6723 -- J. Neustaeter - $54.00
A-6724 -- F. T. Wiebe - $58.05
A-6725 -- D. Beukert - $4.00
A-6726 -- C. I. Dunn - $150.00
A-6727 -- R. A. Backstrom - $60.00
A-6728 -- Mrs. S. Backstrom - $100.00
A-6729 -- J. J. Driedger - $60.00
A-6731 -- Mrs. O. Lambert - $150.00
A-6732 -- Barney's Painting - $400.00
A-6733 -- F. T. Wiebe - $54.00
A-6734 -- N. Bart - $1,628.75
A-6735 -- J. Neustaeter - $49.60
A-6736 -- B. Goertsom - $46.90
A-6737 -- J. J. Driedger - $69.30
A-6738 -- S. Froese - $75.96

A-6783 -- Motor Car Supply - cheque issued for $572.81, invoices total $274.16.

A-6784 -- G. M. Penner - $150.00 - no invoice.

A-6798 -- W. Kowal - $300.00 - no invoice.

A-6641 -- L. Northey - $323.70 - not approved by Trustee.

A-6642 -- F. T. Wiebe - $201.48 - not approved by Trustee.

A-6643 -- J. B. Neustaeter - $159.95 - no invoice or approval.

A-6644 -- William Driedger - $177.12 - no invoice or approval.

A-6645 -- Fort Vermilion Air Services - $45.00 - no approval.

A-6647 -- Wilfred Lisotte - $136.00 - no invoice.

A-6807 -- Fort Vermilion Building Supplies - voucher jacket approved, but not individual invoices.

A-6808 -- W. Lizotte - same as # 6807.

A-6810 -- S. Lehn - no approval by Trustee.

A-6812 -- Ward's Farm Supply - no invoice.

A-6822-26 -- Trustees accounts - should be approved by Accounts Committee.

A-6830 -- La Crete Sawmills - no approval.

A-6833 -- R. Kinsey - car allowance $303.50 - no invoice.

We recommend that, in all cases, the person supplying the goods or services render an invoice. It need not be elaborate but should be at least in their own handwriting, and not that of the Division staff, or be signed by them. We realize that examining accounts for payment is a very tedious chore, but it is the best check the Board has on the operations of the Division.

In closing, we would like to sum up our recommendations in point form:

1. Instruct the Division staff to keep the accounts current.
2. Receipt cash at once and deposit regularly.
3. Two signing officers for the payroll bank account.
4. Reduce or eliminate staff advances.
5. See that the monthly accounts for payment are in order and properly approved.

Yours very truly

FORT VERMILION SCHOOL DIVISION NO. 52

Special Audit Under Section 209 of
The School Act

October 30th, 1964

Nash & Nash
Chartered Accountants

The Chairman and Board of Trustees,
Fort Vermilion School Division No. 52,
Fort Vermilion, Alberta

Dear Sirs:

We visited the School Division offices on October 28th, 29th and 30th, 1964 to complete an audit of your records in accordance with Section 209 of The School Act.

Our report is submitted herewith.

Cash Account

Petty Cash Imprest Account:

This account is recorded in the records as a fund of $25.00. We were unable to verify the existence of this asset as there was not any cash or paid vouchers on hand covering this fund, at the Division office.

We note that cheque #6568 for $50.00 issued to your secretary-treasurer, C.I. Dunn, was marked Petty Cash. There were no supporting vouchers indicating the type of expense paid out in cash by Mr. Dunn. This cheque is also for twice the amount of the authorized fund.

General Cash Account:

The unreceipted cash amounts of $12.65 referred to in our letter of October 1st, 1964 have been receipted and deposited.

We wish to impress upon the Board that there are so many sources of cash revenues in your Division that cannot be readily verified, that it is imperative that all cash and cheques received be receipted and deposited promptly.

Financial Condition of the Division

Bank Accounts:

The balances of your bank and loan accounts at the date of our visit were as follows:

	Revenue Fund	Capital and Loan Fund
Overdraft	9,876.83	1,561.00
Current Loans	150,000.00	100,000.00
Loan from Capital Fund	40,000.00	-
Current Indebtedness	$199,876.83	$101,561.00

These overdrafts and loan balances indicate that your Division is in a very serious financial condition. This situation has arisen because your secretary-treasurer, C.I. Dunn, has not:

(a) submitted requested information to enable the 1964 Budget to be approved by the Department of Education;
(b) made out the 1964 Tax Requisitions;
(c) prepared Claim Forms for
  (i) capital grants
  (ii) tuition and conveyance grants from Federal government
  (iii) special grant
(d) processed notes for further bus loans.

We submit herewith a comparative statement of the 1964 Budget and 1964 Revenue and Expenditure recorded in the Books of Account. We are not satisfied that the Budget submitted herewith is the same as that which has been sent to the Department of Education. We have included this Budget only as an item of information to assist the Board in reviewing the financial condition of the Division.

FORT VERMILION SCHOOL DIVISION #52

Statement of 1964 Operational Budget and

Revenue and Expenditure Recorded in the Books of Account

for the period from January 1st, 1964 to October 30th, 1964

Revenue

	Budget	Per Records
Foundation Program	338,790.00	231,457.20
Equipment Grants	600.00	
Isolation Bonuses	14,470.00	
Special Grant	(1) 100,000.00	
Supplementary Requisitions	5,662.67	
Federal Government - Tuition	25,320.00	
- Transportation	3,315.00	959.00
Rents	8,932.00	7,462.80
Repayment of Loan from Northland School Division	5,863.00	
Establishment Grant	10,000.00	
Deficiency in Revenue Fund		180,569.98
	$512,952.67	$420,448.98

	Expenditure	Budget		
Administration:				
Secretary Treasurer	6,200.00		5,500.00	
Assistants	2,886.00		3,961.07	
Auditor	500.00		341.85	
Other	800.00			
Elections and Annual Meetings	150.00			
Trustees	5,240.00		3,457.16	
Office Rent, Fuel, Telephone, Light etc.	3,735.00		2,798.08	
Office Supplies, Postage and Stationery	1,500.00		1,749.07	
Other Administration	2,350.00	23,361.00	5,258.63	23,065.86
Instruction:				
Teachers' Salaries		206,000.00		163,862.15
Instructional Aids:				
Correspondence Courses	500.00		78.23	
Library Books	4,942.00		574.61	
Text Books	4,867.00		2,608.00	
Supplies	3,250.00		6,170.15	
Equipment	4,427.50		1,446.15	
Other Instruction	2,620.00	20,606.50	663.11	11,540.25
Plant Operation and Maintenance:				
Caretakers' Salaries	14,076.00		11,716.72	
Supplies	4,600.00		3,159.43	
Fuel, Light, Water, Telephone	18,186.00		16,962.12	
Repairs to Buildings	38,840.00		19,817.12	

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Expenditure

	Budget		Per Records	
Repairs and Maintenance - - Fences and Grounds	6,625.00		2,846.16	
Repairs and Replacements - Furniture and Equipment	8,750.00		8,952.70	
Insurance	1,711.80		2,150.00	
Rent and Taxes	2,100.00		1,396.71	
Operations of Trucks	1,499.00		1,762.35	
Repairmen's Salaries	16,046.00		28,815.95	
Other	600.00	113,033.80	294.78	97,874.04
Conveyance and Maintenance of Pupils:				
Salaries	38,105.00		31,252.33	
In Lieu of Conveyance	8,000.00	46,105.00	6,286.95	37,539.28
Auxiliary Services:				
Supplies		400.00		4.00
Expenditures to Other Boards:				
Tuition Fees		2,000.00		1,119.09
Contributions to Capital and Loan Fund		37,780.00		40,290.84
Debt Charges:				
Debenture - Principal	21,260.00		14,660.00	
- Interest (3)	28,982.35		19,134.85	

	Expenditure			
	Budget		Per Records	
Capital Loans				
- Principal	6,709.00		6,709.00	
- Interest	1,699.34	)		
Interest on		)		
Current Loans		)		
and Bank		)		
Charges	3,000.00	61,650.69)	4,648.62	45,152.47
	(2)	510,936.99		420,447.98
Deficit Recovered	(2)	2,015.68		
		$512,952.67		$420,447.98

(1) Minutes record that a request be made for a special grant of $62,318.00

(2) The total expenditures and deficit recovered do not agree with the figures contained in the budget copy available for inspection. The additions of the copy are incorrect.

(3) The budget figure for debenture interest should read $28,622.35 instead of $28,982.35

Missing Cheques

Your acting secretary, Mr. de'Kleine, advised us that the following cheques had been removed from the cheque book in September and October, and that no information had been recorded on the stubs.

Numbers 6939, 7024, 7025.

Cheque #6939 was issued to Mr. R. Kinsey for Truck Expenses on September 25th, 1964. No entries could be made until October, after the cheque was cashed.

We found, on checking with the Treasury Branch, November 2nd, 1964, that cheque #7025 was issued to C.I. Dunn, October 17th, 1964 for $36.00.

Staff Advances

The following employees are indebted to the School Division for cash advances as at October 30th, 1964:

Budget

C.I. Dunn	500.00
Mrs. A. Backstrom	800.00
Mrs. S. Backstrom	100.00
K.G. John	653.36
G. de'Kleine	80.00
Mrs. M. Bunacshuh	240.00
W. Lowal (Bursary)	250.00
	$2,623.36

In addition to the $500.00 owing by Mr. C.I. Dunn, he has failed to deduct the following amounts from his monthly salary:

Rent - 5 months	250.00
Pension Plan Contributions - 5 months	137.50
Medical Services Incorporated (June)	10.40
Northland Utilities - lights	151.96
Fuel (estimated by fuel dealer)	230.00
	$ 779.86

The list for long distance tolls should be reviewed with Mr. Dunn, and all his personal calls be transferred to this account.

Payroll Account:

Unauthorized expense cheques paid out of single signature payroll account:

# 76	J. Krahn	- conveyance	124.62
#647	C. Lizotte	- travel	50.00
#679	S. Forbes	- meter deposit	20.00
#682	C.I. Dunn	- travel	206.00
#695	C. Smith	- travel	69.16
#736	S.J. Boire	- travel	2.80
			$ 472.58

Mr. Dunn has made a practice of issuing his monthly pay cheques in advance of the month end. Dates of issue since May are as follows:

#288	May Salary	- May 21st, 1964
#305	Salary adjustment	- May 22nd, 1964
#528	July salary	- July 14th, 1964
#622	August salary	- August 17th, 1964
#642	September salary	- September 1st, 1964
#810	October salary	- October 2nd, 1964.

None of these cheques should have been issued to Mr. Dunn until the month end when the regular payroll is prepared.

In our letter of October 1st, 1964, we recommended that two officers sign the payroll cheques. This has been done. We found on our current visit that Mr. Backstrom had signed payroll cheques #828 to #885 and #901 to #925 in blank. There is little point in having two signing officers if this practice is continued.

We also found, while reviewing the payroll account, that employees' tax deductions, Medical Services Incorporated deductions, Teachers' Retirement Fund deductions, and Alberta Teachers' Association deductions were not remitted for the period between April and August until August of this year. These accounts are trust funds and should be paid to the proper authorities promptly.

Minutes

We found the minutes of your meetings generally quite long and some of the resolutions poorly constructed. We propose to refer to an example later in this section. The minute book should be carefully reviewed and the letters, authorizations and agenda filed with the proper meeting.

An example of poor arrangement of material is found upon opening the minute book. The first few pages consist of copies of letters from Joe's Electric Ltd. and Arctic Heating and Air Conditioning. These letters, filed before the January 15th, 1964 meeting, are referred to in the April meeting.

On January 15th, 1964 and on April 8th, 1964, the Board made decisions by voting by secret ballot. The first vote was to dismiss Mr. V. O'Connell and the second vote to terminate the services of Western Construction Consultants. We feel that the Board should avoid the use of secret ballots and be prepared to take a recorded vote on matters of a contentious nature.

On January 15th, 1964, the Board gave Mr. C.I. Dunn, the secretary-treasurer, the necessary authority to direct and supervise the maintenance staff, caretakers and bus drivers of the Division. We feel that this authority is not covered in the duties of the Secretary and Treasurer as set out in Sections 193 and 194 of The School Act. This resolution conflicts with the duties given the Superintendent in Section 199 of the same act.

At the meeting of February 12th and 13th, 1964, the Board authorized the Plant Maintenance Committee to look into the casual rates of pay. There is no record of this Committee making any recommendations to the Board on their findings.

At the meetings of May 20th and 27th, 1964, Trustee Northey questioned the procedure used to hire landscaping of the secretary's residence. Mr. Dunn's answer was as follows:

"The secretary reported that, in order for the site to be completed, which would include approximately 300 yards of fill at approximately $2.75 per yard, that the cost would have been out of proportion under normal circumstances.

However, Mr. E. Ward was levelling his yard and had offered to donate the fill dirt at no cost. The only cost, the trustees should be made aware of all such happenings in such projects. It was further stated that, while it may in time, appear to be more convenient to the Board to contact various local contractors verbally for prices on construction, and while this method may be more convenient in some circumstances, it is not always the best nor the least expensive. In view of the nature of this year's maintenance, it was suggested that the Board call for tenders on as many phases of construction as possible, which would assure the best prices available, and relieve the maintenance staff of the construction problem, and allow them to devote the majority of their time to maintenance."

We feel that Mr. Dunn's answer does not answer Trustee Northey's question. It is an example of a poorly prepared record of Divisional meetings.

We note that John Ward Trucking was paid $581.80 for fill dirt and gravel supplied to C.I. Dunn residence on an unnumbered cheque in July, 1964.

At the June 23rd and 24th, 1964, Board meeting, resolution #56 covers the approval of the Budget, as attached. We did not find a copy of the 1964 Budget in the minute book.

The meeting of August 19th, 1964 contains a list of staff advances. This list did not include the amounts owing by the secretary-treasurer, C.I. Dunn.

At the September 16th, 1964 meeting, the Board decided to postpone a decision for skating rinks until a financial statement could be given to the Board. Item #18 of the agenda of October 7th, 1964 states that material was purchased from Northway Building Supplies to construct rinks at High Level and Rocky Lane. It appears to us that the secretary-treasurer, C.I. Dunn completely ignored the Board's instructions.

The minutes of the meeting of October 11th, 1964 have not been prepared by Mr. C.I. Dunn.

The motions and lists covering approval for payment of accounts should be reviewed by the Board for the whole year.

Tender Practices

We feel that practices of calling for public tenders for major purchases should be reviewed and adhered to.

At the January 15th, 1964 meeting, the Board decided a new 1/2 or 3/4 ton truck was required for maintenance work. A committee of Trustees, Driedger, Froese and secretary-treasurer, Dunn, was appointed to purchase a unit for a cost not exceeding $2,600.00. Public tenders were not called. Although no invoice was available for our examination, we understand a 1964 Dodge Truck was purchased for $2,600.00.

On March 11th, 1964, after calling for public tenders for a 54-passenger bus, the bid of Enerson Motors for $7,050.00 was accepted. The lowest bid received was for a Ford unit from Western School Bus for $6,299.00.

At the July 17th, 1964 meeting, the secretary-treasurer reported that only one bid had been received in response to a Public Tender. A copy of the Tender Notice was not available to enable us to compare it with another Tender called September 28th, 1964. We examined copies of five tenders received in answer to the September 28th, 1964 notice. We also found that the resolution covering the purchase of buses July 19th, 1964 did not specify the number purchased.

In October, your architect, Mr. Munzel, called tenders for alterations to furnace rooms at three schools. Two bids were received, one from R. Kinsey for $6,290.00 and a second from Northway Builders on a cost plus basis. The Department does not allow contracts to be accepted on a cost plus basis so your secretary-treasurer negotiated a contract with Northway Builders for $4,500.00. We realize a substantial saving was made in this case, but feel that your secretary-treasurer's action defeats the purpose of Public Tenders.

Payments to Trustees

For your information, the following payments have been made to Trustees for meetings, mileage, conventions and supervision.

	Meetings	Mileage	Conventions	Supervision
R.A. Backstrom	367.44	160.80	172.20	63.80
S. Froese	417.78	107.36	75.00	265.68
J. Driedger	513.20	66.00	106.00	189.18
O. Lambert	562.24	42.24		4.92
L. Northey	165.00	12.00	90.00	15.00
C.I. Dunn		16.32		45.00
	$2,025.66	$404.72	$443.20	$583.58

Your individual accounts should be reviewed with the secretary-treasurer and corrections made to transfer the mileage charges out of the meetings and supervision accounts.

Payments to Trustees Charged to Sundry Administration

The sundry administration includes the following cheques paid to the Board Chairman:

#6485	R.A. Backstrom	$100.00
#6727	R.A. Backstrom	$ 60.00

Payments to Trustees for Goods and Services

The following amounts were paid to Trustee L. Northey and a company owed by him:

#6394	L. Northey	$ 26.50
#6515	Fort Vermilion Air Services Ltd.	$290.00
#6641	L. Northey	$139.20
#6645	Fort Vermilion Air Services Ltd.	$ 45.00

These payments exceed the sum allowed under Section 89 (8).

Payments Made on Behalf of Trustees

The following amounts were paid out on behalf of the Board over and above cheques issued to them under Section 174 of The School Act:

#6562	Mayfair Hotel	$ 56.05
#6901	Mayfair Hotel	$ 62.40

Payments Made to Employees

The following amounts were paid to persons employed by the Division:

#6579	Fort Vermilion Bldg. Supplies (T. Smith)	$ 56.12
#6684	Edwin Ward	$468.00
#6807	Fort Vermilion Bldg. Supplies (T. Smith)	$ 58.64
#6812	Ward's Farm Equipment (Edwin Ward)	$600.00
#7013	Ward's Farm Equipment (Edwin Ward)	$1,319.90
#7019	R. Kinsey	$ 540.00

Payments made to Mr. Ward and Mr. Kinsey exceed the sum of $150.00 allowable under Section 197(b) of The School Act.

Sales Tax Refund

We found references in the agenda for the February 12th, 1964 meeting and in correspondence that your secretary-treasurer Mr. C.I. Dunn, planned to complete the necessary claim forms to secure a refund of the sales tax charged on the 1963 Building Program. We could find no record of a claim being filed with the Federal authorities.

Monies Owing by the Northland School Division

On June 5th, 1963, the Minister of Education transferred certain school districts' assets and liabilities from this Division to the Northland School Division by ministerial order. On October 3rd, 1963, the liability for repayment of a building loan was added to the transfer.

At the time of our audit, this Division had not been reimbursed for the following amounts paid out on Treasury Branch loan instalments in 1963 and 1964:

	Principal	Interest	Total
Building Loan #211			
1963	150.00	33.68	183.68
1964	1,800.00	396.00	2,196.00
School Bus Loan #49	1,309.00	376.34	1,685.34
	$3,259.00	$806.02	$4,065.02

Furnace Room Alterations

On June 17th and 18th, 1964, the Provincial fire inspector issued a report ordering that furnace rooms in three schools be altered to conform to fire regulations.

On August 29th, 1964, the Board instructed the secretary to contact the architect, Mr. Munzel, to prepare the necessary plans for the alteration of the furnace rooms.

Mr. Munzel drew the necessary plans and called tenders for the necessary alterations without submitting the plans to the Department of Education as required by Section 226 of The School Act.

We gather from the agenda of the meeting of October 21st, 1964 that a contract has been negotiated with Northway Builders for completion of this work.

Amounts Due from Contractors

We found, while looking over the correspondence files, letters addressed to South Bend Structures and St. Laurent Construction Ltd. asking to be reimbursed for light and fuel charges of $162.22 and $511.56 respectively. We could not find any evidence of these sums being paid or deducted from the contractors accounts.

Utilities

At the present time, it is the practice of the Division to pay the light and fuel accounts for the staff residences. We found it impossible, on reviewing the invoices, to decide where some of the fuel oil had been delivered. This is particularly true in the case of fuel supplied to your secretary-treasurer, C.I. Dunn. The invoices did not indicate where the fuel was delivered. It is quite possible that Mr. Dunn has signed for deliveries made to the Divisional office as well as his residence. The figure $230.00 shown as owing by Mr. Dunn for fuel is based on an estimate made by the bulk dealer.

We recommend that the Board instruct the fuel suppliers and Northland Utilities Ltd. to bill the occupants of the residences directly for goods and services supplied. This will relieve the Division of the responsibility of collecting these accounts and ease the work load of the secretary-treasurer.

Local Authorities Pension Plan

In 1963, your secretary-treasurer, Mr. C.I. Dunn, asked to have his pension plan benefits transferred from The School Secretaries' Superannuation Act to the Local Authorities Pension Plan. No contributions have been forwarded to the new plan and no deductions have been made from Mr. Dunn's salary for the past five months.

Amount Owing by V. O'Connell

There are two accounts, one from Ashdown Hardware for $169.50 and one from Taylor, Pearson & Carson for $174.61 marked "Deducted from Vic O'Connell payroll account". We find that the sum paid to Ashdown Hardware for $169.50 for an electric stove was deducted, but no deduction was made for the incoming freight charges. We find that no deduction was made for the Taylor, Pearson & Carson account, and are unable, at the present time, to state whether or not this item is a proper charge against Mr. O'Connell as it represents several invoices, none of which were attached to the voucher.

We have written Taylor, Pearson & Carson for copies and will forward them to the Division office for review.

Economics

We feel that each purchase should be reviewed before it is made to ensure that it is necessary and that the best price is obtained. The following are examples where we feel savings could have been made.

#6931 Willson Stationery - Esterbrook Deck Set - $30.00 for Secretary.

#6892 Hayward Lumber - 2 Toro Lawn Mowers @ $138.15 each - now located at Rocky Lane and Mustus Lake.

#7050 Taylor Pearson & Carson - purchased 80 gallons of anti freeze. Mr. T. Smith estimates that there is now a 5 - 6 years supply on hand for the present bus fleet.

Northway Builders Supplies - the Division purchased two septic tanks from this company. A 15% saving could have been realized by buying this item from Hayward Lumber.

Telephones - we feel that the number of telephones could easily be reduced to three.

Vouchers

Attached at the back of our report are the following schedules:

Schedule A - Vouchers with no Invoices or Inadequate Supporting Evidence.
Schedule B - Vouchers and Invoices Missing.
Schedule C - Vouchers Not Signed by Secretary-Treasurer
Schedule D - Vouchers Not Approved by Board Member For Payment.

We urge the Board to exercise greater care in approving payment of the Divisional Accounts.

Long Distance Tolls

We are forwarding photo copies of long distance tolls for the past six months to Mr. de'Kleine, your acting secretary. These lists should be reviewed for personal calls.

Capital and Loan Fund

We submit herewith a Statement of Receipts and Disbursements made out of the Capital and Loan Fund Bank Account in 1964.

FORT VERMILION SCHOOL DIVISION #52

Capital and Loan Fund

Statement of Receipts and Disbursements

for the period from January 1st, 1964 to October 27th, 1964

Receipts

Return of Amount Owing By Revenue Fund at January 1st, 1964	7,573.40
Bank Loan	100,000.00
Treasury Branch Long Term Bus Loan	7,050.00
Cash in Treasury Branch, January 1st, 1964	72,734.73
Bank Overdraft, October 27th, 1964	1,561.00
	$188,919.13

Disbursements

Loan to Revenue Fund		40,000.00
Interest Paid on Bank Loan		781.37
St. Laurent Construction Ltd.		
- High Level and Mustus Lake Additions	34,171.10	
Rosen Construction Co. Ltd.		
- 5 Teacherages and Repair Shop	43,826.40	
Munzel and Associates		
- 5 Teacherages and Repair Shop	1,948.50	
- 1964 School Program	14,811.12	
Fort Vermilion Vocational School	45.00	
Mustus Lake School	2,317.43	
High Level School	659.66	
Buffalo Head Prairie School	516.00	
Residences - Fort Vermilion	108.00	

	- Rocky Lane	162.00	
	- High Level	(524.36)	
	- Mustus Lake	391.94	
Furniture	- High Level	323.15	
	- Mustus Lake	595.23	
	- Division Office	474.30	
	- First Aid Equipment	485.94	
3-54 Passenger School Buses		20,351.84	
Filmstrip		71.83	120,735.08
1963 Accounts Payable			27,402.68
			$188,919.13

We feel that the following accounts paid out of capital funds should have been paid out of Revenue Funds:

E.R. Daniels - survey of vocational schools	$ 45.00
Encyclopedia Britannica - film strips	$ 313.42
Heintzman & Co. - records	$ 17.06
World Book Childcraft of Canada - World Book and Dictionaries	$ 354.00
Ginn & Company - film strips	$ 17.83
Gestetner of Canada - gestetner	$ 361.80
Norris Furniture Ltd. - first aid equipment	$ 485.94

We feel that the Capital Account should be used primarily to account for debenture and capital grant funds. Disbursements for equipment, buildings and land, not expressly covered by a grant or debenture fund must be budgeted for and paid for out of current funds.

Capital Account

Payments Not Authorized By Board Member:

#796	Bruce Robinson Electric	$ 184.66
#797	Sharps Theatre Supplies	63.75
#799	Western Construction Consultants	14,694.50
#800	Midwest Electric Ltd.	720.00
#801	Western Construction Consultants	7,000.00
#803	St. Laurent Construction Ltd.	12,673.50
#804	St. Laurent Construction Ltd.	10,863.85
#805	Arctic Heating & Air Conditioning	66.55
#806	Gestetner of Canada	361.80
#839	Fort Vermilion School District #52 - Transfer to Current Account	40,000.00

Total Amount Paid Without Board Member's Approval Thereon	$ 86,628.61

Payments Made Without An Invoice:

#824 E.R. Daniels	$ 45.00

St. Laurent Construction Ltd.

When we examined this account in detail, we calculated a balance of $2,029.50 still owing to this contractor. We noted that cheque #837 for $3,633.75 was marked final payment. An examination of the correspondence seemed to indicate that the contractor felt that he still had a balance of $500.00 outstanding. We are writing to Western Construction Consultants, who supervised the building project, for a detailed accounting.

South Bend Structures

The construction contract undertaken by this firm has been paid in full. We are unable to understand why this was done, as the final statement which was paid in full bears the following notation:

Holdbacks that might have been made at this time

Don Lane Plumbing	2,030.00
Tryco Electrical Service	700.77
	$ 2,730.77

Munzel & Associates

The above firm was retained as architects for the Division's building and maintenance work. There are three questions concerning this firm's activities.

1. At the meetings of May 20th and 27th, 1964, Mr. R. Kinsey was engaged to supervise the new school and teacherage construction, as well as assist the Board in carrying out the extensive program. Mr. Kinsey was recommended by Mr. Munzel. At this meeting, it was also decided that Mr. Kinsey would be directly responsible to the architect and secretary-treasurer.

Mr. Munzel advised the Board at the July 17th, 1964 meeting that he had released Mr. Kinsey from his position and that he was now directly responsible to the Board of Trustees.

A month later, at the Building Committee meeting held August 17th, 1964 Mr. Kinsey was directed to carry out the maintenance program under the direction of Mr. Munzel, in conjunction with the secretary-treasurer.

Mr. Munzel rendered an account dated October 19th, 1964 which reads:

"Re - One Repair Shot and Five Teacherages
- Supervision - 1.5% of $79,000.00 $ 1,185.00"

Why was the Board paying Mr. Kinsey $740.00 a month ?

2. Bylaw #8, Project G, calls for a masonry repair shop. Mr. Munzel has designed and supervised the construction of a frame repair shop.

3. Mr. Munzel has been paid the sum of $14,811.12 for the Preliminary Plans, Working Drawings, Tender calling for schools and additions at Buffalo Head Prairie, Fort Vermilion and High Level. Tenders were called for this work and a low bid of $360,163.00 was received from Rosen Construction. We understand that the Department of Education has delayed a start on this work. There is some doubt in our mind whether or not payment of Mr. Munzel's fee is not contrary to the provisions of Section 227 of The School Act.

C.I. Dunn Private Business Interests

There have been rumors circulating that materials purchased by the Division have been used in Mr. Dunn's Coin Laundry Building. We have not found any evidence to substantiate these rumors. The contractor, Mr. C. Hagen, told us that all materials were shipped from Hayward Lumber and invoiced to C.I. Dunn.

We have learned from a conversation with the salesman of the building supply company that Mr. Dunn used his position as secretary-treasurer as a lever to secure personal credit lines for his own purchases. We also feel that Mr. Dunn's outside interests have seriously interfered with his performance of his duties for the Division.

Respectfully submitted,

Chartered Accountants.

Peace River, Alberta,
November 16th, 1964.

Schedule A

FORT VERMILION SCHOOL DIVISION NO. 52

Vouchers with no Invoices or Inadequate Supporting Evidence

October 30th, 1964

Cheque No.	Payee	Explanation	Amounts
6273	High Level Esso	Invoices Missing Totalling	48.52 L
6308	I. Wolfe	Invoice Missing	10.00
6315	Steve Dzaman	Invoice Missing	2,600.00 L
6347	J. Khullar	Invoice Missing	22.00
6350	Imperial Oil Ltd.	Invoice Missing	32.40 L
6353	E. Haliews	Invoice Missing	50.00
6361	Northland Service	No invoice for	1.25 L
6363	Reliable Propane	Invoices Missing Totalling	550.29 L
6365	Taylor, Pearson and Carson	Invoice Missing	174.61 L
6367	Tony's Truck Service	Invoices Missing Totalling	120.57 I
6369	Athletes' Wear Co.	Invoice Missing	136.80 L
6381	Central Scientific	Invoice Missing	3.97 L
6400	Smith, Davidson & Lecky	No Invoice for	145.69 L
6407	O. Smith	Invoice Missing	227.50 I
6462	Jake's Esso Service	Invoices Missing Totalling	225.19 L
	- also advance of	$300.00 never deducted	300.00 L
6482	Alberta Municipal Finance Corp.	Invoice Missing	140.00
6493	High Level Esso	Invoice Exceed Payment by 11.40 L	
6506	E. Ward	Invoice Missing	60.00 I
6507	Stan Smith	Invoice Missing	50.00 I
6547	Collin Paint Supplies	Invoices Missing	22.70 I
6557	High Level Esso	Invoice Missing	2.95 L
6566	C.I. Dunn	Invoice Missing	15.00
6568	C.I. Dunn	Invoice Missing	50.00
6569	F.E. Osborne	Invoice Missing	11.50 I
6580	D. Garvin	Invoice Missing	45.00
6583	R.A. Backstrom	Invoice Missing	150.00
6585	Arctic Heating	Invoice Missing	99.99 I
6594	Hayward's Lumber	Invoices Exceed Payment by 235.06	

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Cheque No.	Payee	Explanation	Amounts
6610	C.I: Dunn	Invoice Missing	175.00
6613	J.J. Driedger	Invoice Missing	150.00
6614	S. Froese	Invoice Missing	150.00
6615 to 6631 Incl.	Boarding Allowances	Invoices Missing Totalling	1,626.00
6632 to 6637 Incl.	Conveyance Allowances	Invoices Missing Totalling	2,016.00
6638	O. Lambert	Invoice Missing	50.00
6646 to 6647 Incl.	Conveyance Allowances	Invoices Missing	136.00
6682	Mrs. D. Garvin	Invoice Missing	5.00
6717	Younger & Holmes	Invoices Exceed Payment by	123.00 I
6719	Mrs. R. Kinsey	Invoice Missing	400.00 L
6720	Provincial Treasurer	Invoice Missing	42.00
6721	Department of Lands and Forests	Invoice Missing	10.00
6722	C. Harder	Invoice Missing	51.30
6723	John Neustaetar	Invoice Missing	54.00
6724	Frank T. Wiebe	Invoice Missing	58.05
6725	Dave Beukert	Invoice Missing	4.00
6726	C.I. Dunn	Invoice Missing	150.00
6727	R.A. Backstrom	Invoice Missing	60.00
6728	S. Backstrom	Invoice Missing	100.00
6729	J.J. Driedger	Invoice Missing	110.00
6731	Mrs. O. Lambert	Invoice Missing	150.00
6733	P.T. Wiebe	Invoice Missing	54.00
6734	Nick Botts	Invoice Missing	1,628.75 L
6735	J. Neustaetar	Invoice Missing	49.60
6736	B. Goertzen	Invoice Missing	46.90
6737	J.J. Driedger	Invoice Missing	69.30
6738	S. Froese	Invoice Missing	75.96
6740 to 6756 Incl.	Boarding Allowances	Invoices Missing	712.50
6783	Motor Car Supply	Invoices Missing Totalling	298.65 I
6805	C.I. Dunn	Invoice Missing	30.00
6814	J.N. Khullar	Invoice Missing	245.00 L
6816	E. Malmquist	Invoice Missing	150.00
6817	S. Smith	Invoice Missing	150.00 I

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Cheque No.	Payee	Explanation	Amounts	
6818	G. Fehr	Invoice Missing	75.00	
6819	S. Smith	Invoice Missing	25.00	I
6827	David F. Steer	Invoice Missing	18.00	I
6828	Mrs. Jessie Buhler	Invoice Missing	2,445.00	L
6833	R. Kinsey	Invoice Missing	303.00	L
6861	Alberta Municipal Finance Corp.	Invoice Missing	10.00	
6934	Mrs. O. Lambert - Advance	Invoice Missing	150.00	
6940 to 6955	Boarding and Conveyance Allowances	Invoices Missing	617.50	
6981	R. Kinsey	Invoice Missing	94.02	L
7020	Donald Eek	Invoice Missing	100.00	
7067	J.J. Driedger	Invoice Missing	158.80	
			$369.46	$18,300.76

L - behind indicates letter sent requesting invoices.
I - behind indicates invoices received and examined.

Schedule B

FORT VERMILION SCHOOL DIVISION NO. 52

Vouchers and Invoices Missing

October 30th, 1964

Cheque No.	Payee	Amount
6319) to 6334 Incl.) & 6338)	Boarding and Conveyance Allowances	$ 1,432.50
6335	Jake's Esso Service - Advance	300.00
6336	R.A. Backstrom	90.00
6337	C.I. Dunn	30.00
6339	G. Froese	110.28
6340	J.J. Driedger	103.20
6341	R.A. Backstrom	109.44
6342	O. Lambert	17.24
6343	J.B. Wiebe	8.00
6344	J.A. Froese	5.00
6639	H.H. Driedger	50.90
6648	S. Froese	140.40
6649	J.J. Driedger	130.00
7024	Tony's Truck Service - Cheque not received by payee	135.14
7025	C.I. Dunn	36.00
		$ 2,698.10

Schedule C

FORT VERMILION SCHOOL DIVISION NO. 52

Vouchers not Signed by Secretary-Treasurer

October 30th, 1964

Cheque No.	Payee	Amount
6345	Alberta Government Telephones	$ 380.11
6346	British American Oil Co.	1,646.09
6296	School Book Branch	890.00
6299	John Ward Trucking	684.75
6315	Steve Dzaman	2,600.00
6408 to 6411 Incl.	Conveyance Allowances	238.33
6472 to 6475	Principal Association Meeting	13.20
6517 to 6538 Incl.	Boarding and Conveyance Allowances	1,206.00
6640	Transfer	10,316.06
6662	British American Oil Co.	1,565.47
6684	Ed Ward	468.00
6740 to 6756 Incl.	Boarding Allowances	712.50
6733	Motor Car Supply	572.81
6823	Mrs. Jessie Buhler	2,445.00
6862	C. Friesen	182.87
7042	Hughes Owens Co. Ltd.	21.02
7056	Stephan General Store	117.51
		$24,059.72

Schedule D

FORT VERMILION SCHOOL DIVISION NO. 52

Vouchers not Approved by Board Member for Payment

October 30th, 1964

Cheque No.	Payee	Amount
6302	R.A. Backstrom	73.80
6303	S. Froese	169.76
6304	J.J. Driedger	118.80
6305	O. Lambert	84.96
6306	C.I. Dunn	45.00
6312	Receiver General of Canada	100.00
6313	Father Costa	300.00
6314	Don Lane Plumbing	1,176.46
6315	Steve Dzoman	2,600.00
6316	T. Smith	110.16
6345	M.S.I.	40.40
6408 to 6411 Incl.	Conveyance Allowances	238.33
6412 to 6426 Incl.	Boarding Allowances	714.00
6472 to 6475 Incl.	Principal Association Meeting	13.20
6482	Alberta Municipal Finance Corp.	140.00
6483	W.S. Kowal	150.00
6484	Alberta School Trustee	8.75
6506	E. Ward	60.00
6515	Fort Vermilion Air Service	290.00
6517 to 6538 Incl.	Boarding and Conveyance Allowances	1,206.00
6640	Transfer	10,316.06
6641	L. Northey	323.70
6642	Frank Wiebe	201.48
6643	John Neustraetor	159.95
6644	W. Driedger	177.12
6645	Fort Vermilion Air Service	45.00
6651	Transfer	30,575.94
6719	R. Kinsey	400.00
6810	S. Lehn	29.73
6822	R.A. Backstrom	22.20
6823	C.I. Dunn	16.32
6824	J.J. Driedger	42.00
6826	S. Froese	49.20
6828	Jessie Buhler	2,445.00
6830	Lacrete Saw Mill	186.15

Schedule D

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Cheque No.	Payee	Amount
6862	C. Friesen	182.87
7021	B.J. McGarry	50.00
		$52,862.34

APPENDIX D

CORRESPONDENCE BETWEEN THE DEPARTMENT OF EDUCATION AND THE FORT VERMILION SCHOOL BOARD

CANADIAN PACIFIC TELEGRAPHS

October 21, 1964

CONFIRMATION

Mr. R. A. Backstrom,
Chairman of Board,
Fort Vermilion School Division No. 52,
HIGH LEVEL, Alberta.

1. The Board shall, as quickly as possible, and pursuant to Section 209 of The School Act, arrange for an audit of the books of the School Division.

2. Mr. E. R. Daniels is authorized pursuant to the Department of Education Act, Section 10, to examine and inspect the books of the Division pending the arrival of the auditors and their examination of them.

W. H. Swift,
Deputy Minister of Education

EDH/ab

(Rush and charge the Department of Education).

NORTHERN ALBERTA RAILWAYS TELEGRAPHS

November 18, 1964

10:00 A.M.

CONFIRMATION ONLY

R. A. Backstrom, Chairman
School Division Board
FORT VERMILION, Alberta

Please advise immediately following today's meeting what steps Board proposes to take to deal with intolerable situation revealed by recent audit. Our concern relates to performance of Secretary and also apparent lack of proper control by School Board itself.

W. H. Swift,
Deputy Minister of Education

Rush
Charge Dept. of Education

NORTHERN ALBERTA RAILWAYS TELEGRAPHS

PR1 36DL VIA PEACE RIVER ALTA

FORT VERMILION ALTA NOV 19/64 844A MST NOV 19/64

W. H. SWIFT

DEPUTY MINISTER DEPT OF EDUCATION EDMONTON ALTA.

THE BOARD OF TRUSTEES OF FORT VERMILION SCHOOL DIVISION MOVE TO RETAIN THE SERVICES OF C I DUNN AS SECRETARY TREASURER ON A THREE MONTH PROBATIONARY PERIOD. PERFORMANCE OF HIS DUTIES WILL BE REVIEWED DURING FEBRUARY.

R. A. BACKSTROM

CHAIRMAN

CANADIAN PACIFIC TELEGRAPHS

5:15 P.M. FRI., NOV. 20/64

CONFIRMATION ONLY

MR. R. A. BACKSTROM
CHAIRMAN,
FORT VERMILION SCHOOL DIVISION
FORT VERMILION, ALBERTA

MINISTER OF EDUCATION HAS APPOINTED E. R. DANIELS TO BE OFFICIAL TRUSTEE OF FORT VERMILION SCHOOL DIVISION EFFECTIVE TODAY. DIVISIONAL SCHOOL BOARD CEASES TO HOLD OFFICE FORTHWITH. SEE SECTION 75 OF THE SCHOOL ACT.

W. H. SWIFT
DEPUTY MINISTER OF EDUCATION

RUSH
CHARGE DEPARTMENT OF EDUCATION
PROV. GOVT.

July 6, 1964

Dear Mr. Dunn:

Since my last letter to you we have had several conversations by telephone, and departmental officials have had a series of conferences here. It appears that you had best proceed with the opening of your school tenders on July 9 at Fort Vermilion. The Department would like to be advised immediately as to the nature of the tenders in order that we can consider appropriate action. Your plans for tendering the whole of your maintenance program ($38,000) should be held in abeyance until we have time to assess your budget position in relation to special grant and to your building program.

Since Mr. Daniels considers the renovations to the teacherage at Wilson Prairie to be most imperative, I think it would be proper for the division to proceed with the planned renovation of this building. Mr. Daniels indicated that the price for this would be somewhere between $1,500 and $1,900.

Once your July 9 tenders have been opened it may well be that we will need to have a conference here in the department of yourself, Mr. Daniels and departmental officials. We will have to consider what means we will take to effect the building program in the Fort Vermilion Division.

Yours sincerely,

E. D. Hodgson,
Director of School
Administration

Mr. C. I. Dunn,
Secretary-Treasurer,
Fort Vermilion School Division No. 52,
FORT VERMILION, Alberta.

cc Mr. Daniels

EDH/au

COPY

July 22, 1964

Dear Mr. Dunn:

In connection with the conversation with your delegation in this office I should like to confirm some of our conclusions.

1. Leave your present by-laws Nos. 7, 8 and 9 in order that you may get debentures issued for your teacherages.

2. Issue a new by-law for your schools alone according to School Buildings Board recommendations. Please make your estimated cost high enough so that you will be in no difficulty financing the new schools.

3. Apply to the School Buildings Board for one or two more classrooms for High Level.

4. With respect to maintenance work, do what you ordinarily would have classed as maintenance; for example, painting, repairing existing fences, etc. Do anything else that your board considers in the nature of an emergency. For the rest, please hold until such time as we can complete the investigation of your 1960-63 building program.

In connection with portable schools I would like to advise you that Mr. Hryciuk, Superintendent of Schools at Barrhead has indicated that the Judy Creek portable school now located in Swan Hills could be leased to your division for $1.00 per year. If you wish further information please phone Mr. Hryciuk. Mr. Budge also indicates that there is a school building standing idle presently at Keg River and this could be leased to your division for $1.00 per year.

Yours sincerely,

E. D. Hodgson
Chairman.

Mr. C. I. Dunn,
Secretary-Treasurer,
Fort Vermilion School Division No. 52,
FORT VERMILION, Alberta.

June 23, 1964

Dear Mr. Dunn:

Recently you discussed with Mr. Penrice and me the problem of the Fort Vermilion building bylaws in relation to the sum of money that you thought now necessary for the building projects. I have discussed this matter further with other officers of the Department. We are of the opinion that your board should wait until tenders have been received and then, if additional funds are necessary, the board could proceed with a bylaw for funds to complete the projects. We do not think it wise to rescind the present bylaws and to replace them with others.

Yours very truly,

E. D. Hodgson,
Director of School Administration

Mr. C. I. Dunn,
Secretary-Treasurer,
Fort Vermilion School Division No. 52,
Fort Vermilion, Alberta.

EDH/ab

APPENDIX E

ORDER OF THE MINISTER APPOINTING

AN OFFICIAL TRUSTEE

DEPARTMENT OF EDUCATION

Edmonton, Alberta,
Friday, November 20, 1964.

Under the provisions of Section 75 of The School Act, 1955, I hereby appoint E. R. Daniels, Superintendent of Schools, Fort Vermilion, Alberta, as Official Trustee of the Fort Vermilion School Division No. 52, of the Province of Alberta.

This order shall be effective immediately.

R. H. McKinnon,

Minister of Education

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